

MANDENI MUNICIPALITY (KZN 291) DRAFT ANNUAL BUDGET 2015/16 & MTREF



2015/16

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National City Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kl	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Draft Annual Budget

1.1 Mayor's Report

SPEECH BY THE MAYOR OF MANDENI MUNICIPALITY COUNCILLOR SB ZULU PRESENTED TO THE MUNICIPAL COUNCIL ON THE 27 MARCH 2015, 2015/2016 DRAFT BUDGET APPROVAL AT ISIBUSISIWE COMMUNITY HALL, MANDENI

Madam Speaker,
Deputy Mayor,
Councillors,
Municipal Manager,
Directors,
Staff,
Members of the Media and Public,
Ladies and Gentlemen

I am indeed humbled to be afforded the opportunity of presenting a Draft Budget for 2015/2016 in terms of Section 16 (1) & (2) of the Municipal Finance Management Act (MFMA).

This Draft Budget is a written promise to deliver on the IDP for Mandeni. Indeed this proposed budget is focused on the priorities identified as key for the period between now and the next term of council, taking into account the back to basic concept.

We are upfront with these issues Honorable Speaker because this is our declaration in line with our vision. We are progressing ahead with the Town renewal, restructuring the municipal office precinct and urban roads rehabilitation. These entire programs support the national development plan and our Provincial growth and development plan

However, limitations on the budget are considerations of the Medium term expenditure framework delivered by the Minister of Finance in parliament on government's macro-economic outlook and fiscal policy fundamentals.

In line with less than expected economic growth of 2%, global slowdown economic activity, the balancing act of interest rate to manage inflation, the weak exchange rates and the level of debt, the revenue management is sought to balance the budget. This means increased tax mostly on individuals and increased levies.

All of this to the municipality means we must find efficiencies through value chain and cost cutting measures.

Added to these factors are the considerations for the National Treasury Circulars on budget preparation on the CPI forecasted outlook of 5.8%, the sources of revenue through the Division of Revenue bill, the limit of 6% in terms of possible increases on funding sources and NERSA guideline of 12.24 % on electricity tariff increase.

In terms of employees related costs, SALGA's agreement with unions need to be in place. It is safe for now to budget at least the current percentage of 6.79.

The expenditure side of the budget is aligned to the following:

- The need to provide for jobs and economic development initiatives through SCM regulation;
- The provision for depreciation to replace our assets;
- The need to increase the allocation for maintenance;
- The inflation consideration of 5.8% and;
- The cost containment measures.

As part of the budget process the municipality assessed all budget related policies to ensure improvement and better management of finances of the municipality. Key policies assessed were the following:

- Budget policy;
- Banking and investment policy;
- Tariffs policy
- Assets management policy
- Supply Chain Management policy;
- Debt write off policy;
- Credit control and debt management policy;
- Indigent policy;
- Property Rates policy;
- Insurance policy and;
- Virement policy.

The Executive Committee has recommended these policies for adoption to council to formally approve them with this budget.

Considering the high level of debt by consumers as a means to afford the current rates, the rand for rand is proposed. It is hoped that communities will use this opportunity to reduce their debt.

Let us now turn to the Budget for 2015/2016 Financial Year. In light of the above I am hereby presenting to the council the proposed revenue budget of R202.8 million for 2015/2016 financial year and capital budget of R83 million, the total budget of R284 million. This is an increase from current year's operating budget of 33 percent. The property rates accounts for 13.2 percent of the total revenue due to tariff increase of 6 percent. Service charges contribute R 21.7 million which is 10.7 percent of the total revenue. The grants from National allocations, through Division of Revenue bill still form the main contributor to our budget with an amount of R144 million which is 71 percent of the operating budget.

A budgeted amount of R71.9 million will be spent on employee related cost. This is 35 percent of the operating budget. We will spend R12.6 million on Bulk purchase of electricity. R34.9 million will be spent on repairs and maintenance and contracted services. R41.4 million is going towards the running of administration and programs of the municipality. The increases from last year are based on factors such as 5.8% on CPI index, expected collective agreement of 6.9% of SALGA and labour unions and 14.69% NERSA's determination on electricity cost increase.

The total capital spending budgeted this year is R83 million. R56 million of this amount is earmarked for infrastructure projects. The following projects will form part of the total envelope for implementation:

Urban roads rehabilitation	R11 million
Electricity overheads and streetlight	R1.5 million
Municipal Infrastructure Grant programs	R34.3 million
New office accommodation	R16 million
Electrification program	R10 million
NDPG programs	R9.6 Million

Internal contribution towards capital budget amounted to R39 million.

In closing Madam Speaker I would like to thank the Municipal Manager and his team on their effort to put this budget. Despite extreme pressure due to the lack of financial resources, the municipality has managed to live within its means.

I wish to state that this Budget Speech represents an executive summary of our Municipality's budget 2015/2016 to 2017/2018 financial years and captures only key factors. Details are distributed with the Draft Budget Report that will be placed in all municipal public places.

Madam Speaker, it is now my privilege and honor to propose to Council the Draft 2015/2016 Operating and Capital multi-year Budget together with the IDP for adoption as per the draft budget resolutions on page 4 of the draft budget document.

I thank you.

HIS WORSHIP: THE MAYOR

CLLR S.B. ZULU

1.2 Council Resolutions

Resolution No: C71

COUNCIL: 27/03/15

On the 27th March 2015 the Council of Mandeni Municipality met at Sibisiswe Hall in Mandeni Municipality to consider the Annual Budget of the municipality for the financial year 2015/16. The Council approved and adopted the following resolutions:

1. The Council of Mandeni Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The final annual budget of the Municipality for the financial year 2015/16 and the multi-year and single- year capital appropriations as set out in the following tables of the budget document:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 13 on page 20;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 14 on page 22.
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 15 on page 24; and
 - 1.1.4. Multi-year and single-year capital appropriations by Municipal vote and standard classification and associated funding by source as contained in Table 16 on page 27.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables of the budget document:
 - 1.2.1. Budgeted Financial Position as contained in Table 17 on page 28;
 - 1.2.2. Budgeted Cash Flows as contained in Table 18 on page 30;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 19 on page 30;
 - 1.2.4. Assets management as contained in Table 20 on page 33; and
 - 1.2.5. Basic Service delivery measurement as contained in Table 21 on page 35.
- 1.3 The Council of Mandeni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves draft schedule of Tariffs
 - 2.1. Schedule of tariffs– as set out in Annexure B,

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 51, 54, 58, 59, 66, 67, 70, 71, 72, 74 and 75 were used to guide the compilation of the 2015/16 & MTREF.

The main challenges experienced during the compilation of the 2015/16 & MTREF can be summarized as follows:

The ongoing difficulties in the national and local economy;

Aging and poorly maintained electricity, roads and municipal infrastructure;

The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;

Wage increases for municipal staff that continues to exceed consumer inflation, as well as the need to fill critical vacancies;

The continued difficulty in collecting all that is due to the municipality by consumers: and

Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2015/16 MTREF process.

The following budget principles and guidelines directly informed the compilation of the 2015/16 & MTREF:

The 2014/15 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2015/16 annual budget;

Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;

The commitments made with Auditor General in maintaining the clean audit initiatives;

The need to fulfill the municipal mandate on the provision of services on disaster management and public safety;

Tariff and property rates increase should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity.

In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the Annual Division of Revenue Act.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2015/16 & MTREF

KZN291 Mandeni - Table A1 Budget Summary							
Description	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands							
Total Revenue (excluding capital transfers and contributions)	174 758	152 398	171 871	171 871	202 796	213 249	221 610
Total Expenditure	162 193	152 398	174 308	174 308	202 727	205 826	219 100
Surplus/(Deficit)	12 565	0	(2 437)	(2 437)	69	7 423	2 510
<u>Capital expenditure & funds sources</u>							
Capital expenditure	360	90 497	77 918	77 918	82 988	79 367	70 475
Total Budget	175 118	242 895	249 789		285 784	292 616	292 085

Total operating revenue has increased by 17.9 per cent or R30.9 Million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will increase by 5.15 and 3.92 per cent respectively, equating to a total revenue growth of R9.4 million over the MTREF when compared to the 2014/15 financial year.

Total operating expenditure for the 2015/16 financial year has been appropriated at R202.7 million and translates into a budgeted net surplus of R69.0 thousand. When compared to the 2014/15 Adjustments Budget, operational expenditure has grown by 16.3 per cent in the 2015/16 budget and by 1.53 and 6.45 per cent for each of the respective outer years of the MTREF. There has been an operating surplus in the outer years of R7.4 million and R2.5 million. The municipality will need to reprioritize the expenditure to be able to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R82.9 million for 2015/16 is 6.50 per cent more when compared to the 2014/15 Adjustment Budget. The capital programme decreases to R79.4 million in the 2016/17 financial year and then drops in 2017/18 to R70.5 million. A substantial portion of the capital budget will be funded from government grants. The balance will be funded from internally generated funds.

1.4 Operating Revenue Framework

For Mandeni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's reviewed revenue strategy is built around the following key components:

National Treasury's guidelines and macroeconomic policy;
 Growth in the Municipality and continued economic development;
 Efficient revenue management, which aims to ensure a 65 per cent annual collection rate for property rates and other key service charges;
 Municipality tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
 Achievement of full cost recovery of specific user charges especially in relation to trading services;
 Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
 The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
 Increase ability to extend new services and recover costs;
 The municipality's Indigent Policy and rendering of free basic services; and
 Tariff policies of the Municipality.

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	20 866	33 472	27 411	27 685	27 685	27 685	27 685	26 770	28 215	29 739
Property rates - penalties & collection charges		353	5 135	5 477	4 000	8 000	8 000	8 000	—	—	—
Service charges - electricity revenue	2	10 720	11 213	11 715	13 056	13 056	13 056	13 056	14 713	15 507	16 344
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	5 264	5 588	5 948	6 550	6 550	6 550	6 550	6 943	7 318	7 713
Service charges - other		—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		204	270	267	190	190	190	190	190	200	211
Interest earned - external investments		2 283	2 809	3 564	2 500	3 000	3 000	3 000	3 000	3 162	3 333
Interest earned - outstanding debtors		—	—	—	—	—	—	—	6 000	7 854	9 331
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines		91	93	45	505	505	505	505	505	532	561
Licences and permits		3	—	779	300	300	300	300	300	316	333
Agency services		—	—	—	—	—	—	—	—	—	—
Transfers recognised - operational		97 874	93 022	114 788	97 242	97 842	97 842	97 842	143 970	149 678	153 553
Other revenue	2	19 040	3 889	4 765	370	14 743	14 743	14 743	405	466	491
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		156 697	155 491	174 758	152 398	171 871	171 871	171 871	202 796	213 249	221 610

Table 3 Percentage growth in revenue by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	Ref	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework					
		Original Budget	Adjusted Budget	Budget Year 2015/16	% Change	Budget Year +1 2016/17	% Change	Budget Year +2 2017/18	% Change
R thousand	1								
Revenue By Source									
Property rates	2	27 685	27 685	26 770	13.20%	28 215	13.23%	29 739	13.42%
Property rates - penalties & collection charges		4 000	8 000	—	0.00%	—	0.00%	—	0.00%
Service charges - electricity revenue	2	13 056	13 056	14 713	7.25%	15 507	7.27%	16 344	7.38%
Service charges - refuse revenue	2	6 550	6 550	6 943	3.42%	7 318	3.43%	7 713	3.48%
Rental of facilities and equipment		190	190	190	0.09%	200	0.09%	211	0.10%
Interest earned - external investments		2 500	3 000	3 000	1.48%	3 162	1.48%	3 333	1.50%
Interest earned - outstanding debtors		—	—	6 000	2.96%	7 854	3.68%	9 331	4.21%
Fines		505	505	505	0.25%	532	0.25%	561	0.25%
Licences and permits		300	300	300	0.15%	316	0.15%	333	0.15%
Transfers recognised - operational		97 242	97 842	143 970	70.99%	149 678	70.19%	153 553	69.29%
Other revenue	2	370	14 743	405	0.20%	466	0.22%	491	0.22%
Total Revenue (excluding capital transfers and contributions)		152 398	171 871	202 796	100.00%	213 249	100.00%	221 610	100.00%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise just below one thirds of the total revenue mix. In the 2015/16 financial year, revenue from rates and services charges totaled R48.4 million or 23.9 per cent. This increases to R48.4 million, R51.0 million and R53.8 million in the respective financial years of the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 53 MBRR SA1 (see page 94). The fact that rates revenue decreased this budget year is to compensate the community on rates impact due to the implementation of the valuation roll in 2012/13.

Operating grants and transfers totals R144.0 million in the 2015/16 financial year and steadily increases to R149.7 million by 2016/17. Note that the year-on-year growth for the 2015/16 financial year is 47.1 per cent and then increase to 3.96 and 1.13 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts**KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts**

Description	Ref	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand								
RECEIPTS:	1, 2							
Operating Transfers and Grants								
National Government:		77 829	94 794	94 794	94 794	133 856	141 246	144 666
Local Government Equitable Share		74 289	90 414	90 414	90 414	119 361	123 461	123 733
Finance Management		1 650	1 800	1 800	1 800	1 800	1 825	1 900
Municipal Systems Improvement		890	934	934	934	940	960	1 033
EPWP Incentive		1 000	1 646	1 646	1 646	1 755	–	–
Integrated National Electrification Programme		–	–	–	–	10 000	15 000	18 000
Other transfers/grants [Sports & Recreation]								
Provincial Government:		36 959	2 448	3 048	3 048	10 114	8 432	8 887
Community Participation IDP (Prov.)		200	–	–	–	–	–	–
Joint Project Funding (Prov.)		–	–	–	–	8 000	8 432	8 887
Provincialization of Libraries		1 207	1 420	1 420	1 420	1 454	–	–
Recapitalisation- Community Library		–	378	378	378	510	–	–
Other transfers/grants [Sports & Recreation]		35 553	650	1 250	1 250	150	–	–
District Municipality:		–	–	–	–	–	–	–
[insert description]								
Other grant providers:		–	–	–	–	–	–	–
[insert description]								
Total Operating Transfers and Grants	5	114 788	97 242	97 842	97 842	143 970	149 678	153 553

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are moderate this year at 14.24 per cent. Given that these tariff increases are determined by external agencies, the impact they have on the municipality and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of city and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows

1.5 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance and Traditional affairs. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA

100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;

For pensioners, physically and mentally disabled persons, a maximum/total rebate of 100 per cent will be granted to owners of rate-able property.

In this regard the following stipulations are relevant:

The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;

The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health

The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and

The property must be categorized as residential.

The municipality received a number of objections resulting from the new valuation roll implementation in 2012. In consideration of the real problem the tariff for 2015/16 is proposed to be increased.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2015/16 financial year based on a new valuation roll implementation from 1 July 2012 is contained below:

As a result there will be a 6 percent increase in the rates tariff for 2015/16.

Table 5 Comparison of proposed rates to be levied for the 2015/16 financial year

Property Category Use	Current Tariff 2014/15	Proposed Tariff 2015/16
Residential	0.0105	0.0111
Commercial	0.0167	0.0111
Industrial	0.0178	0.0189
Industrial Estate Special	0.0155	0.0164
Farms Other than:	0.0199	0.0211
Farms Agricultural Purposes	0.0026	0.0028
Municipal Property	0.000	0.000
Farms Commercial Purpose	0.0178	0.0167
Public Services Infrastructure	0.0026	0.0028
Vacant land	0.0167	0.0178
State Owned land	0.0157	0.0167

1.6 Sale of Electricity and Impact of Tariff Increases

NERSA announced the revised bulk electricity pricing structure in March. 14.24 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2015.

Considering the Eskom increases, the consumer tariff had to be increased by 14.24 per cent to offset the additional bulk purchase cost from 1 July 2015. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period free of charge. In addition those residential customers that are not registered as indigent, but that consume less than 50 kWh per 30-day period will receive 50 kWh free of charge.

It should further be noted that the municipality has adhered to NERSA's advised that a stepped tariff structure needs to be implemented from 1 July 2011. The effect thereof is that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor).

Inclining Block Tariff

The following is the basis of the price increases that has been used in developing the rates for the IBTs:

- Block 1 - The 2015/16 benchmarks were increased by the CPI inflation of 6.3%.
- Block 2 - The 2015/16 benchmarks were increased by the CPI of 6.3% plus 1% this results in a total increase of 7.4%.
- Block 3 & 4 - The 2015/16 benchmarks were increased by the municipal tariff guideline increase of 14.24%.
- The 2014/15 commercial and industrial benchmarks were increased by the municipal tariff guideline of 14.24%.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 6 Comparison between current electricity charges and increases (Domestic)

kWh	NERSA's benchmark	Current tariff	Proposed	Customers
0 - 50	61 - 66	68.22	72.31	27
51 - 350	77 - 82	86.12	91.29	229
351 - 600	104 - 109	92.12	97.65	475
>600	124 - 129	125.12	132.63	137

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's network has therefore become a strategic priority, especially the substations and transmission lines.

The budget for the Electricity Distribution Division can only be utilised for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R1.7 million per year for five years will be necessary to steer the Municipality out of this predicament.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. A funding model needs to be developed to mitigate this burden.

1.7 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a surplus.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2015/16. Higher increases will not be viable in 2015/16 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

1.7.1 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6 and 13.05 per cent.

Table 7 MBRR Table SA14 – Household bills

KZN291 Mandeni - Supporting Table SA14 Household bills								
Description	Ref	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16 % incr.	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Rand/cent								
<u>Monthly Account for Household - 'Middle Income Range'</u>	1							
Rates and services charges:								
Property rates		375.67		458.14	–	375.67	398.21	422.10
Electricity: Basic levy		209.03		209.03	7.0%	441.05	476.00	609.32
Electricity: Consumption		1 804.89		1 804.89	7.0%	2 003.43	2 163.00	2 314.41
Refuse removal		114.69		114.69	6.0%	121.57	129.00	136.74
Other								
sub-total		2 504.28	–	2 586.75	17.5%	2 941.72	3 166.21	3 482.57
VAT on Services								
Total large household bill:		2 504.28	–	2 586.75	17.5%	2 941.72	3 166.21	3 482.57
% increase/-decrease		(8.4%)	(100.0%)	–		13.7%	7.6%	10.0%
<u>Monthly Account for Household - 'Affordable Range'</u>	2							
Rates and services charges:								
Property rates		69.47		79.92	–	69.47	73.64	78.06
Electricity: Basic levy		232.56		232.56	7.0%	258.14	279.00	298.53
Electricity: Consumption		358.73		358.73	7.0%	398.19	430.00	460.10
Refuse removal		114.71		114.71	6.0%	121.59	128.00	135.68
Other								
sub-total		775.47	–	785.92	9.3%	847.39	910.64	972.37
VAT on Services								
Total small household bill:		775.47	–	785.92	9.3%	847.39	910.64	972.37
% increase/-decrease		(7.6%)	(100.0%)	–		7.8%	7.5%	6.8%
		-1.15	12.21	-1.00				

1.8 Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/16 budget and MTREF is informed by the following:

Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2015/16 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Expenditure By Type										
Employee related costs	2	33 145	31 790	44 170	55 829	55 829	55 829	60 614	63 887	67 592
Remuneration of councillors		7 523	8 029	9 159	9 718	9 718	9 718	11 292	11 902	12 592
Debt impairment	3	3 081	7 104	17 857	3 218	3 218	3 218	3 218	3 392	3 575
Depreciation & asset impairment	2	15 360	18 773	18 632	5 973	18 973	18 973	19 000	20 603	21 710
Finance charges		14	–	–	–	–	–	–	–	–
Bulk purchases	2	7 269	7 437	8 128	10 991	10 991	10 991	12 556	13 234	13 949
Other materials	8	10 181	8 708	10 451	15 446	15 946	15 946	18 780	19 794	20 863
Contracted services		9 432	10 039	10 971	13 900	17 900	17 900	16 210	15 869	16 532
Transfers and grants		–	383	–	1 550	1 550	1 550	19 600	16 686	19 777
Other expenditure	4, 5	24 285	29 762	42 824	35 772	40 182	40 182	41 456	40 458	42 509
Total Expenditure		110 350	122 025	162 193	152 398	174 308	174 308	202 727	205 826	219 100

The budgeted allocation for employee related costs for the 2015/16 financial year totals R60.6 million, which equals 29.89 per cent of the total operating expenditure. An annual increase of 5.4 and 5.8 per cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been put on hold. As part of the planning assumptions and interventions most vacancies are frozen from the budget and a report was compiled by the Corporate Services Department in relation to the prioritization of critical vacancies within the Municipality. In addition expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. This includes the provision for medical aid for Councilors.

The provision of debt impairment was determined based on an annual collection rate of 65 per cent and the Debt Write-off Policy of the Municipality. For the 2015/16 financial year the additional amount equates to R3.2million to R3.4 million by 2016/17. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R19 million for the 2015/16 financial and equates to 9.37 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses.

Other materials comprise of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the Municipality's infrastructure. For 2015/16 the appropriation against this group of expenditure has grown by 18.4 per cent (R18.8 million) and continues to 5.4 for the two outer years of which budget allocation is in excess of R20.9 million by 2017/18.

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2015/16 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2015/16 financial year, this group of expenditure totals R16.2 million and has decreased by 9.4 per cent. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2015/16 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into this budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been reversed in this area indicating that significant cost savings have been already realized.

The following table gives a breakdown of the main expenditure categories for the 2015/16 financial year.

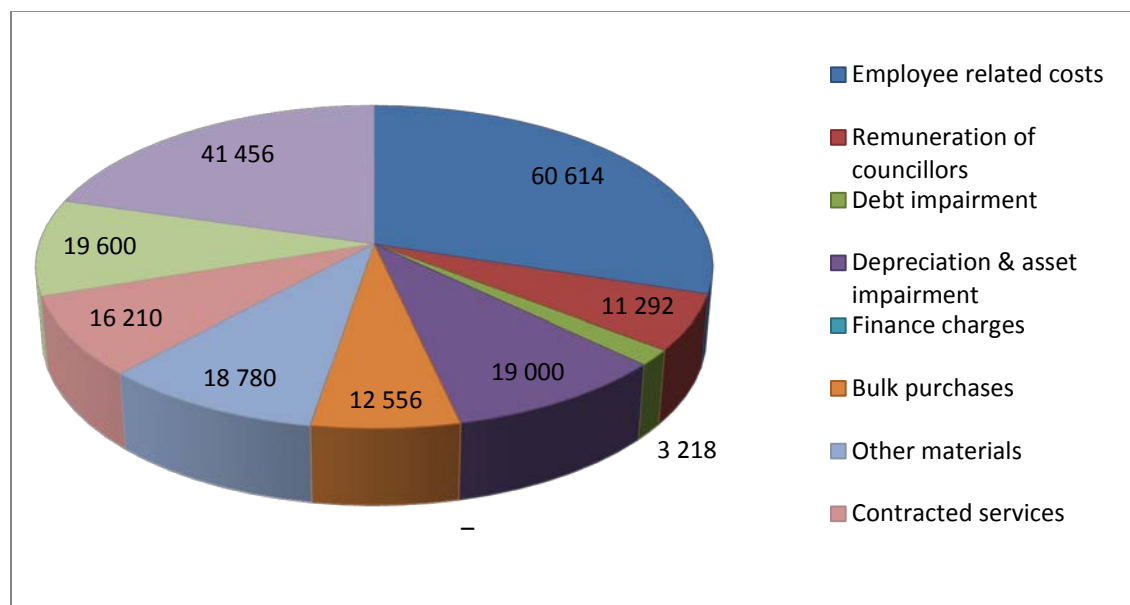


Figure 1 Main operational expenditure categories for the 2015/16 financial year

1.8.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 9 Operational repairs and maintenance

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Repairs and Maintenance by Expenditure Item	8									
Employee related costs		5 635	5 405	7 510	9 491	9 491	9 491	10 304	10 861	11 491
Other materials		10 181	8 708	10 451	15 446	15 946	15 946	18 780	19 794	20 863
Contracted Services										
Other Expenditure										
Total Repairs and Maintenance Expend	9	15 815	14 114	17 961	24 937	25 437	25 437	29 084	30 655	32 353

During the compilation of the 2015/16 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and the weather pattern disasters especially to rural roads. To this end, repairs and maintenance for roads was substantially increased by 14.3 per cent in the 2015/16 financial year, from R25.4 million to R29.1 million. The total allocation for 2015/16 equates to R29.1 million a growth of 14.3 per cent in relation to the Adjustment Budget and continues. In relation to the total operating expenditure, repairs and maintenance comprises of 5.4 and 5.5 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 10 Repairs and maintenance per asset class

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		13 123	9 358	10 742	15 291	15 791	15 791	18 929	19 952	21 072
Community		826	1 617	4 492	3 780	3 780	3 780	3 980	4 195	4 422
Other assets		1 867	3 139	2 728	5 866	5 866	5 866	6 174	6 508	6 859
Total Repairs and Maintenance Expend	1	15 815	14 114	17 961	24 937	25 437	25 437	29 084	30 655	32 353
R&M as a % of PPE		7.2%	6.1%	7.7%	8.4%	8.6%	8.6%	9.5%	8.9%	7.9%
R&M as % Operating Expenditure		14.3%	11.6%	11.1%	16.4%	14.6%	14.6%	14.3%	14.9%	14.8%

For the 2015/16 financial year 65.1 per cent or R18.9 million of total repairs and maintenance will be spent on infrastructure assets. Community assets have been allocated R3.9 million of total repairs and maintenance equating to 13.7 per cent and other assets have been allocated R6.2 million of total repairs and maintenance equating to 21.2 per cent.

1.9 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 3000 or more indigent households during the 2015/16 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.10 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 11 2015/16 Medium-term capital budget per vote

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Single-year expenditure to be appropriate	2										
Vote 1 - Executive and Council		–	28	21	253	253	253	253	83	–	–
Vote 2 - Budget and Terasury		714	–	1 405	90	90	90	90	137	–	–
Vote 3 - Corporate Services		–	–	–	150	1 150	1 150	1 150	1 080	–	–
Vote 4 - Community and Social Services		–	–	–	2 083	1 783	1 783	1 783	4 929	2 706	2 112
Vote 5 - Sport and Recreation		–	–	–	750	500	500	500	1 544	3 200	5 000
Vote 6 - Public Safety		–	–	–	898	948	948	948	529	–	10 000
Vote 7 - Housing		–	–	–	–	–	–	–	–	–	–
Vote 8 - Health		–	–	–	–	–	–	–	–	–	–
Vote 9 - Planning and Development		16 080	(689)	(1 066)	35 967	21 458	21 458	21 458	26 423	26 972	5 370
Vote 10 - Environmental Protection		–	–	–	410	200	200	200	–	–	–
Vote 11 - Road transport		29 224	–	–	38 347	38 457	38 457	38 457	45 263	46 489	47 993
Vote 12 - Waste Management		–	–	–	1 300	1 200	1 200	1 200	1 500	–	–
Vote 13 - Electricity		–	–	–	10 250	11 880	11 880	11 880	1 500	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		46 018	(661)	360	90 497	77 918	77 918	77 918	82 988	79 367	70 475
Total Capital Expenditure - Vote		46 018	(661)	360	90 497	77 918	77 918	77 918	82 988	79 367	70 475

For 2015/16 an amount of R26.4 Million has been appropriated for the development of infrastructure which represents 31.8 per cent of the total capital budget. In the outer years this amount totals R27 million and decreases to R5.4 million respectively for each of the financial years. Transport and roads receives the highest allocation of R45.2 million in 2015/16 which equates to 54.4 per cent followed by planning and development at 31.8 per cent, R26.4 million.

Total new assets represent 72 per cent or R59.6 million of the total capital budget while asset renewal equates to 28 per cent or R23.4 million. Some of the salient projects to be undertaken over the medium-term includes, amongst others:

1.11 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 12 MBRR Table A1 - Budget Summary

KZN291 Mandeni - Table A1 Budget Summary						
Description	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands						
<u>Financial Performance</u>						
Property rates	31 685	35 685	35 685	26 770	28 215	29 739
Service charges	19 606	19 606	19 606	21 656	22 825	24 058
Investment revenue	2 500	3 000	3 000	3 000	3 162	3 333
Transfers recognised - operational	97 242	97 842	97 842	143 970	149 678	153 553
Other own revenue	1 365	15 738	15 738	7 400	9 369	10 928
Total Revenue (excluding capital transfers and contributions)	152 398	171 871	171 871	202 796	213 249	221 610
Employee costs	55 829	55 829	55 829	60 614	63 887	67 592
Remuneration of councillors	9 718	9 718	9 718	11 292	11 902	12 592
Depreciation & asset impairment	5 973	18 973	18 973	19 000	20 603	21 710
Finance charges	—	—	—	—	—	—
Materials and bulk purchases	26 437	26 937	26 937	31 336	33 028	34 812
Transfers and grants	1 550	1 550	1 550	19 600	16 686	19 777
Other expenditure	52 890	61 300	61 300	60 885	59 719	62 617
Total Expenditure	152 398	174 308	174 308	202 727	205 826	219 100
Surplus/(Deficit)	0	(2 437)	(2 437)	69	7 423	2 510
Transfers recognised - capital	62 334	56 245	56 245	43 886	39 528	41 363
Contributions recognised - capital & contributed assets	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	62 334	53 808	53 808	43 955	46 951	43 873
Share of surplus/ (deficit) of associate	—	—	—	—	—	—
Surplus/(Deficit) for the year	62 334	53 808	53 808	43 955	46 951	43 873
<u>Capital expenditure & funds sources</u>						
Capital expenditure	90 497	77 918	77 918	82 988	79 367	70 475
Transfers recognised - capital	62 334	56 245	56 245	43 886	39 528	41 363
Public contributions & donations	—	—	—	—	—	—
Borrowing	—	—	—	—	—	—
Internally generated funds	28 163	21 673	21 673	39 102	39 839	29 112
Total sources of capital funds	90 497	77 918	77 918	82 988	79 367	70 475
<u>Financial position</u>						
Total current assets	99 524	99 524	99 524	117 099	128 000	107 000
Total non current assets	318 549	318 549	318 549	329 681	367 738	435 124
Total current liabilities	15 177	15 177	15 177	13 208	14 220	16 220
Total non current liabilities	10 000	10 000	10 000	13 000	13 000	13 000
Community wealth/Equity	375 071	365 772	365 772	411 527	458 478	502 351
<u>Cash flows</u>						
Net cash from (used) operating	77 520	83 583	83 583	39 445	48 411	58 787
Net cash from (used) investing	(90 780)	(84 691)	(84 691)	(82 988)	(79 367)	(70 475)
Net cash from (used) financing	—	—	—	—	—	—
Cash/cash equivalents at the year end	47 646	59 798	59 798	17 363	(13 594)	(25 281)
<u>Cash backing/surplus reconciliation</u>						
Cash and investments available	66 524	66 524	66 524	68 099	50 000	40 000
Application of cash and investments	8 986	9 357	9 357	11 322	(1 440)	6 432
Balance - surplus (shortfall)	57 538	57 167	57 167	56 777	51 440	33 568
<u>Asset management</u>						
Asset register summary (WDV)	267 557	267 557	267 557	294 434	314 934	322 914
Depreciation & asset impairment	5 973	18 973	18 973	19 000	20 603	21 710
Renewal of Existing Assets	3 820	5 700	5 700	23 404	17 805	17 475
Repairs and Maintenance	24 937	25 437	25 437	29 084	30 655	32 353
<u>Free services</u>						
Cost of Free Basic Services provided	730	—	730	730	—	—
Revenue cost of free services provided	3 730	—	3 730	3 730	—	—
<u>Households below minimum service level</u>						
Water:	—	—	—	—	—	—
Sanitation/sewage:	—	—	—	—	—	—
Energy:	15	—	15	15	—	—
Refuse:	9	—	9	9	—	—

Explanatory notes to MBRR Table A1 - Budget Summary

Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

The operating surplus/deficit (after Total Expenditure) is positive over the MTREF

Capital expenditure is balanced by capital funding sources, of which

Transfers recognised are reflected on the Financial Performance Budget;

Borrowing is incorporated in the net cash from financing on the Cash Flow Budget

Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2015/16, when a small surplus is reflected.

Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 13 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN291 Mandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)										
Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Revenue - Standard</u>										
<i>Governance and administration</i>		98 668	112 224	119 667	120 999	139 872	139 872	151 226	155 582	157 180
Executive and council		4 040	18	71	5 860	5 860	5 860	6 140	6 422	6 708
Budget and treasury office		94 449	112 043	119 565	115 139	134 012	134 012	145 086	149 160	150 472
Corporate services		179	163	32	—	—	—	—	—	—
<i>Community and public safety</i>		4 637	1 067	1 582	2 918	3 518	3 518	3 084	1 023	1 078
Community and social services		643	880	1 453	2 013	2 613	2 613	2 179	69	72
Sport and recreation		9	5	27	12	12	12	12	13	13
Public safety		89	87	102	893	893	893	893	942	992
Housing		2 768	—	—	—	—	—	—	—	—
Health		1 127	94	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		34 094	23 152	35 708	800	800	800	300	316	333
Planning and development		16 560	23 152	35 708	800	800	800	300	316	333
Road transport		17 534	—	—	—	—	—	—	—	—
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		19 298	19 707	17 802	27 680	27 680	27 680	48 186	56 328	63 019
Electricity		13 034	12 310	11 854	16 130	16 130	16 130	36 243	43 010	48 306
Water		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		6 264	7 397	5 948	11 550	11 550	11 550	11 943	13 318	14 713
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Revenue - Standard	2	156 697	156 149	174 758	152 398	171 871	171 871	202 796	213 249	221 610
<u>Expenditure - Standard</u>										
<i>Governance and administration</i>		58 286	69 548	97 569	64 240	80 920	80 920	90 183	96 414	102 948
Executive and council		17 571	25 214	32 847	27 512	30 062	30 062	35 617	37 477	39 574
Budget and treasury office		33 913	36 227	53 693	22 285	36 115	36 115	38 515	42 018	45 508
Corporate services		6 803	8 107	11 030	14 444	14 744	14 744	16 051	16 918	17 866
<i>Community and public safety</i>		16 258	9 600	15 883	24 924	24 924	24 924	26 497	26 711	28 023
Community and social services		4 549	4 974	8 985	9 908	9 908	9 908	9 103	9 594	10 144
Sport and recreation		392	465	549	1 079	1 079	1 079	760	802	847
Public safety		6 436	3 677	6 059	13 937	13 937	13 937	16 633	16 315	17 032
Housing		2 831	1	9	—	—	—	—	—	—
Health		2 050	483	282	—	—	—	—	—	—
<i>Economic and environmental services</i>		18 328	22 807	31 594	42 323	42 253	42 253	46 009	44 473	45 637
Planning and development		7 160	13 610	19 846	25 078	24 708	24 708	26 048	24 608	25 989
Road transport		7 950	5 409	6 806	10 199	10 499	10 499	13 364	12 911	12 307
Environmental protection		3 218	3 787	4 943	7 045	7 045	7 045	6 598	6 954	7 341
<i>Trading services</i>		17 478	18 731	19 887	20 910	26 210	26 210	40 038	38 228	42 493
Electricity		10 235	11 279	11 957	15 052	15 852	15 852	34 990	32 907	36 881
Water		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		7 243	7 452	7 929	5 858	10 358	10 358	5 048	5 321	5 612
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Expenditure - Standard	3	110 350	120 686	164 933	152 398	174 308	174 308	202 727	205 826	219 100
Surplus/(Deficit) for the year		46 347	35 464	9 825	0	(2 437)	(2 437)	69	7 423	2 510

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enable the National Treasury to compile 'whole of government' reports.

Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 14 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN291 Mandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Revenue by Vote	1									
Vote 1 - Executive and Council		4 040	18	71	5 860	5 860	5 860	6 140	6 422	6 708
Vote 2 - Budget and Terasury		94 449	112 043	119 565	115 139	134 012	134 012	145 086	149 160	150 472
Vote 3 - Corporate Services		179	163	32	—	—	—	—	—	—
Vote 4 - Community and Social Services		643	880	1 453	2 013	2 613	2 613	2 179	69	72
Vote 5 - Sport and Recreation		9	5	27	12	12	12	12	13	13
Vote 6 - Public Safety		89	87	102	893	893	893	893	942	992
Vote 7 - Housing		2 768	—	—	—	—	—	—	—	—
Vote 8 - Health		1 127	94	—	—	—	—	—	—	—
Vote 9 - Planning and Development		16 560	23 152	35 708	800	800	800	300	316	333
Vote 10 - Environmental Protection		—	—	—	—	—	—	—	—	—
Vote 11 - Road transport		17 534	—	—	—	—	—	—	—	—
Vote 12 - Waste Management		6 264	7 397	5 948	11 550	11 550	11 550	11 943	13 318	14 713
Vote 13 - Electricity		13 034	12 310	11 854	16 130	16 130	16 130	36 243	43 010	48 306
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
Total Revenue by Vote	2	156 697	156 149	174 758	152 398	171 871	171 871	202 796	213 249	221 610
Expenditure by Vote to be approp	1									
Vote 1 - Executive and Council		17 571	25 214	32 847	27 512	30 062	30 062	35 617	37 477	39 574
Vote 2 - Budget and Terasury		32 967	36 227	53 693	22 285	36 115	36 115	38 515	42 018	45 508
Vote 3 - Corporate Services		6 803	8 107	11 030	14 444	14 744	14 744	16 051	16 918	17 866
Vote 4 - Community and Social Services		4 549	4 974	8 985	9 908	9 908	9 908	9 103	9 594	10 144
Vote 5 - Sport and Recreation		392	465	549	1 079	1 079	1 079	760	802	847
Vote 6 - Public Safety		6 436	3 677	6 059	13 937	13 937	13 937	16 633	16 315	17 032
Vote 7 - Housing		2 831	1	9	—	—	—	—	—	—
Vote 8 - Health		2 050	483	282	—	—	—	—	—	—
Vote 9 - Planning and Development		7 160	13 610	19 846	25 078	24 708	24 708	26 048	24 608	25 989
Vote 10 - Environmental Protection		3 218	3 877	5 467	7 045	7 045	7 045	6 598	6 954	7 341
Vote 11 - Road transport		7 950	5 409	6 806	10 199	10 499	10 499	13 364	12 911	12 307
Vote 12 - Waste Management		7 243	7 452	7 929	5 858	10 358	10 358	5 048	5 321	5 612
Vote 13 - Electricity		10 235	11 279	11 957	15 052	15 852	15 852	34 990	32 907	36 881
Vote 14 - [NAME OF VOTE 14]		—	—	—	—	—	—	—	—	—
Vote 15 - [NAME OF VOTE 15]		—	—	—	—	—	—	—	—	—
Total Expenditure by Vote	2	109 405	120 775	165 457	152 398	174 308	174 308	202 727	205 826	219 100
Surplus/(Deficit) for the year	2	47 292	35 374	9 301	0	(2 437)	(2 437)	69	7 423	2 510

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the city and water trading services.

Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)**

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1										
Revenue By Source											
Property rates	2	20 866	33 472	27 411	27 685	27 685	27 685	27 685	26 770	28 215	29 739
Property rates - penalties & collection charges		353	5 135	5 477	4 000	8 000	8 000	8 000	—	—	—
Service charges - electricity revenue	2	10 720	11 213	11 715	13 056	13 056	13 056	13 056	14 713	15 507	16 344
Service charges - water revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - sanitation revenue	2	—	—	—	—	—	—	—	—	—	—
Service charges - refuse revenue	2	5 264	5 588	5 948	6 550	6 550	6 550	6 550	6 943	7 318	7 713
Service charges - other		—	—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		204	270	267	190	190	190	190	190	200	211
Interest earned - external investments		2 283	2 809	3 564	2 500	3 000	3 000	3 000	3 000	3 162	3 333
Interest earned - outstanding debtors		—	—	—	—	—	—	—	6 000	7 854	9 331
Dividends received		—	—	—	—	—	—	—	—	—	—
Fines		91	93	45	505	505	505	505	505	532	561
Licences and permits		3	—	779	300	300	300	300	300	316	333
Agency services		—	—	—	—	—	—	—	—	—	—
Transfers recognised - operational		97 874	93 022	114 788	97 242	97 842	97 842	97 842	143 970	149 678	153 553
Other revenue	2	19 040	3 889	4 765	370	14 743	14 743	14 743	405	466	491
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		156 697	155 491	174 758	152 398	171 871	171 871	171 871	202 796	213 249	221 610
Expenditure By Type											
Employee related costs	2	33 145	31 790	44 170	55 829	55 829	55 829	55 829	60 614	63 887	67 592
Remuneration of councillors		7 523	8 029	9 159	9 718	9 718	9 718	9 718	11 292	11 902	12 592
Debt impairment	3	3 081	7 104	17 857	3 218	3 218	3 218	3 218	3 218	3 392	3 575
Depreciation & asset impairment	2	15 360	18 773	18 632	5 973	18 973	18 973	18 973	19 000	20 603	21 710
Finance charges		14	—	—	—	—	—	—	—	—	—
Bulk purchases	2	7 269	7 437	8 128	10 991	10 991	10 991	10 991	12 556	13 234	13 949
Other materials	8	10 181	8 708	10 451	15 446	15 946	15 946	15 946	18 780	19 794	20 863
Contracted services		9 432	10 039	10 971	13 900	17 900	17 900	17 900	16 210	15 869	16 532
Transfers and grants		—	383	—	1 550	1 550	1 550	1 550	19 600	16 686	19 777
Other expenditure	4, 5	24 285	29 762	42 824	35 772	40 182	40 182	40 182	41 456	40 458	42 509
Loss on disposal of PPE		60	—	—	—	—	—	—	—	—	—
Total Expenditure		110 350	122 025	162 193	152 398	174 308	174 308	174 308	202 727	205 826	219 100
Surplus/(Deficit)		46 347	33 466	12 565	0	(2 437)	(2 437)	(2 437)	69	7 423	2 510
Transfers recognised - capital		17 534	—	—	62 334	56 245	56 245	56 245	43 886	39 528	41 363
Contributions recognised - capital	6	—	—	—	—	—	—	—	—	—	—
Contributed assets		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		63 881	33 466	12 565	62 334	53 808	53 808	53 808	43 955	46 951	43 873
Taxation		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		63 881	33 466	12 565	62 334	53 808	53 808	53 808	43 955	46 951	43 873
Attributable to minorities		—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		63 881	33 466	12 565	62 334	53 808	53 808	53 808	43 955	46 951	43 873
Share of surplus/(deficit) of associate	7	—	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) for the year		63 881	33 466	12 565	62 334	53 808	53 808	53 808	43 955	46 951	43 873

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

Total revenue is R202.8 million in 2015/16 and escalates to R10.5 million by 2016/17. This represents a year-on-year increase of 17.9 per cent for the 2015/16 financial year and 5.15 per cent for the 2016/17 financial year.

Revenue to be generated from property rates is R26.8 million in the 2015/16 financial year and increases to R28.2 million by 2016/17 which represents 13.2 per cent of the operating revenue base of the Municipality. This represents a change due to implementation of the updated valuation roll. Although the Council decided to increase rates tariff, the market value of properties had an effect of an increase on rates.

Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totaling R21.7 million for the 2015/16 financial year and increasing to R22.8 million by 2016/17. For the 2015/16 financial year services charges amount to 10.7 per cent of the total revenue base and grows by 5.4 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.

Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 47.1 per cent and 3.96 per cent for the two outer years.

Bulk purchases have significantly increased over the 2015/16 to 2016/17 period escalating from R12.6 million to R13.2 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.

Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding											
Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Terasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	-	-	-	-	-	-	-	-	-
Vote 10 - Environmental Protection		-	-	-	-	-	-	-	-	-	-
Vote 11 - Road transport		-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and Council		-	28	21	253	253	253	253	83	-	-
Vote 2 - Budget and Terasury		714	-	1 405	90	90	90	90	137	-	-
Vote 3 - Corporate Services		-	-	-	150	1 150	1 150	1 150	1 080	-	-
Vote 4 - Community and Social Services		-	-	-	2 083	1 783	1 783	1 783	4 929	2 706	2 112
Vote 5 - Sport and Recreation		-	-	-	750	500	500	500	1 544	3 200	5 000
Vote 6 - Public Safety		-	-	-	898	948	948	948	529	-	10 000
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		16 080	(689)	(1 066)	35 967	21 458	21 458	21 458	26 423	26 972	5 370
Vote 10 - Environmental Protection		-	-	-	410	200	200	200	-	-	-
Vote 11 - Road transport		29 224	-	-	38 347	38 457	38 457	38 457	45 263	46 489	47 993
Vote 12 - Waste Management		-	-	-	1 300	1 200	1 200	1 200	1 500	-	-
Vote 13 - Electricity		-	-	-	10 250	11 880	11 880	11 880	1 500	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		46 018	(661)	360	90 497	77 918	77 918	77 918	82 988	79 367	70 475
Total Capital Expenditure - Vote		46 018	(661)	360	90 497	77 918	77 918	77 918	82 988	79 367	70 475
Capital Expenditure - Standard											
Governance and administration		714	28	1 426	493	1 493	1 493	1 493	1 300	-	-
Executive and council		-	28	21	253	253	253	253	83	-	-
Budget and treasury office		714	-	1 405	90	90	90	90	137	-	-
Corporate services		-	-	-	150	1 150	1 150	1 150	1 080	-	-
Community and public safety		-	-	-	3 731	3 231	3 231	3 231	7 002	5 906	17 112
Community and social services		-	-	-	2 083	1 783	1 783	1 783	4 929	2 706	2 112
Sport and recreation		-	-	-	750	500	500	500	1 544	3 200	5 000
Public safety		-	-	-	898	948	948	948	529	-	10 000
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		45 304	(689)	(1 066)	74 724	60 115	60 115	60 115	71 686	73 461	53 363
Planning and development		16 080	(689)	(1 066)	35 967	21 458	21 458	21 458	26 423	26 972	5 370
Road transport		29 224	-	-	38 347	38 457	38 457	38 457	45 263	46 489	47 993
Environmental protection		-	-	-	410	200	200	200	-	-	-
Trading services		-	-	-	11 550	13 080	13 080	13 080	3 000	-	-
Electricity		-	-	-	10 250	11 880	11 880	11 880	1 500	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	1 300	1 200	1 200	1 200	1 500	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	46 018	(661)	360	90 497	77 918	77 918	77 918	82 988	79 367	70 475
Funded by:											
National Government		17 534	-	-	62 334	56 245	56 245	56 245	43 886	39 528	41 363
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	17 534	-	-	62 334	56 245	56 245	56 245	43 886	39 528	41 363
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		12 404	(661)	360	28 163	21 673	21 673	21 673	39 102	39 839	29 112
Total Capital Funding	7	29 938	(661)	360	90 497	77 918	77 918	77 918	82 988	79 367	70 475

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table 17 MBRR Table A6 - Budgeted Financial Position

KZN291 Mandeni - Table A6 Budgeted Financial Position											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS											
Current assets											
Cash		2 948	13 671	619	10 000	10 000	10 000	10 000	5 000	5 000	5 000
Call investment deposits	1	60 242	59 803	60 287	56 524	56 524	56 524	56 524	63 099	45 000	35 000
Consumer debtors	1	(6 207)	36 397	13 653	29 000	29 000	29 000	29 000	46 000	75 000	64 000
Other debtors		1 499	84	—	4 000	4 000	4 000	4 000	3 000	3 000	3 000
Current portion of long-term receivables											
Inventory	2	371	499	667							
Total current assets		58 853	110 454	75 225	99 524	99 524	99 524	99 524	117 099	128 000	107 000
Non current assets											
Long-term receivables											
Investments											
Investment property		23 211	23 163	46 606	23 211	23 211	23 211	23 211	23 211	23 211	23 211
Investment in Associate											
Property, plant and equipment	3	220 329	231 763	231 763	295 265	295 265	295 265	295 265	297 352	334 414	401 287
Agricultural											
Biological											
Intangible		73	69		73	73	73	73	73	73	73
Other non-current assets											
Total non current assets		243 613	254 995	278 369	318 549	318 549	318 549	318 549	320 636	357 698	424 571
TOTAL ASSETS		302 466	365 448	353 594	418 073	418 073	418 073	418 073	437 735	485 698	531 571
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	—	—	—	—	—	—	—	—	—	—
Consumer deposits		1 234	1 341	1 535	1 220	1 220	1 220	1 220	1 220	1 220	1 220
Trade and other payables	4	13 896	19 258	22 970	10 500	10 500	10 500	10 500	7 500	8 000	9 000
Provisions		2 300	2 426	2 426	3 457	3 457	3 457	3 457	4 488	5 000	6 000
Total current liabilities		17 430	23 025	26 931	15 177	15 177	15 177	15 177	13 208	14 220	16 220
Non current liabilities											
Borrowing		—	—	—	—	—	—	—	—	—	—
Provisions		10 220	9 731	10 986	10 000	10 000	10 000	10 000	13 000	13 000	13 000
Total non current liabilities		10 220	9 731	10 986	10 000	10 000	10 000	10 000	13 000	13 000	13 000
TOTAL LIABILITIES		27 650	32 756	37 917	25 177	25 177	25 177	25 177	26 208	27 220	29 220
NET ASSETS	5	274 816	332 692	315 677	392 895	392 895	392 895	392 895	411 527	458 478	502 351
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		276 454	289 847	289 847	422 922	363 992	363 992	363 992	409 727	456 678	500 551
Reserves	4	1 627	1 673	1 723	1 780	1 780	1 780	1 780	1 800	1 800	1 800
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	278 080	291 520	291 570	424 702	365 772	365 772	365 772	411 527	458 478	502 351

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 18 MBRR Table A7 - Budgeted Cash Flow Statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		49 513	38 008	41 834	43 483	57 856	57 856	26 165	28 841	31 269
Service charges		63 974	68 846	70 900	97 242	97 842	97 842	16 190	17 065	17 986
Other revenue		43 758	25 185	47 267	62 334	62 334	62 334	1 020	1 515	1 597
Government - operating	1							143 970	149 678	153 553
Government - capital	1							43 886	39 528	41 363
Interest		2 229	2 809	3 514	4 000	4 500	4 500	9 000	11 016	12 664
Dividends								-	-	-
Payments										
Suppliers and employees		(91 038)	(94 791)	(127 874)	(129 538)	(138 948)	(138 948)	(161 587)	(165 859)	(160 089)
Finance charges		(14)						-	-	-
Transfers and Grants	1							(39 200)	(33 373)	(39 555)
NET CASH FROM/(USED) OPERATING ACTIVITIES		68 422	40 057	35 641	77 520	83 583	83 583	39 445	48 411	58 787
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		238	738					-	-	-
Decrease (Increase) in non-current debtors								-	-	-
Decrease (increase) other non-current receivables								-	-	-
Decrease (increase) in non-current investments		27 288		(484)				-	-	-
Payments										
Capital assets		(68 452)	(30 511)	(47 775)	(90 780)	(84 691)	(84 691)	(82 988)	(79 367)	(70 475)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(40 926)	(29 773)	(48 259)	(90 780)	(84 691)	(84 691)	(82 988)	(79 367)	(70 475)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		54		50				-	-	-
Borrowing long term/refinancing								-	-	-
Increase (decrease) in consumer deposits								-	-	-
Payments										
Repayment of borrowing		(134)						-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(80)	-	50	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		27 416	10 284	(12 568)	(13 260)	(1 108)	(1 108)	(43 543)	(30 956)	(11 688)
Cash/cash equivalents at the year begin:	2	35 775	63 190	73 474	60 905	60 905	60 905	60 905	17 363	(13 594)
Cash/cash equivalents at the year end:	2	63 191	73 474	60 905	47 646	59 798	59 798	17 363	(13 594)	(25 281)

Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	63 191	73 474	60 905	47 646	59 798	59 798	59 798	17 363	(13 594)	(25 281)
Other current investments > 90 days		(2)	0	—	18 878	6 726	6 726	6 726	50 736	63 594	65 281
Non current assets - Investments	1	—	—	—	—	—	—	—	—	—	—
Cash and investments available:		63 190	73 474	60 905	66 524	66 524	66 524	66 524	68 099	50 000	40 000
<u>Application of cash and investments</u>											
Unspent conditional transfers		10 437	11 133	15 297	3 000	3 000	3 000	3 000	—	—	—
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	10 220	9 731	10 986	10 000	10 000	10 000	10 000	13 000	13 000	13 000
Other working capital requirements	3	7 582	(15 116)	(2 453)	(19 751)	(19 380)	(19 380)	(19 380)	(15 466)	(29 240)	(23 368)
Other provisions		2 300	2 426	2 426	3 457	3 457	3 457	3 457	4 488	5 000	6 000
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	15 523	20 931	24 693	12 280	12 280	12 280	12 280	9 300	9 800	10 800
Total Application of cash and investments:		46 062	29 105	50 950	8 986	9 357	9 357	9 357	11 322	(1 440)	6 432
Surplus(shortfall)		17 128	44 369	9 956	57 538	57 167	57 167	57 167	56 777	51 440	33 568

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

Notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 20 MBRR Table A9 - Asset Management

KZN291 Mandeni - Table A9 Asset Management										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	41 416	30 388	48 626	83 677	69 118	69 118	59 584	61 562	53 000
Infrastructure - Road transport		29 224	27 390	42 164	53 334	47 245	47 245	34 263	34 556	35 993
Infrastructure - Electricity		—	208	6	9 000	9 000	9 000	—	—	—
Infrastructure - Water		—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Infrastructure		29 224	27 598	42 170	62 334	56 245	56 245	34 263	34 556	35 993
Community		11 478	299	822	2 750	1 000	1 000	3 574	5 000	7 000
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	714	2 491	5 633	18 593	11 873	11 873	21 747	22 006	10 007
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
<u>Total Renewal of Existing Assets</u>	2	—	—	—	3 820	5 700	5 700	23 404	17 805	17 475
Infrastructure - Road transport		—	—	—	3 000	3 000	3 000	20 623	16 905	17 370
Infrastructure - Electricity		—	—	—	500	2 380	2 380	1 500	—	—
Infrastructure - Water		—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Infrastructure		—	—	—	3 500	5 380	5 380	22 123	16 905	17 370
Community		—	—	—	200	200	200	1 131	900	105
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	—	—	—	120	120	120	150	—	—
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
<u>Total Capital Expenditure</u>	4	—	—	—	—	—	—	—	—	—
Infrastructure - Road transport		29 224	27 390	42 164	56 334	50 245	50 245	54 886	51 461	53 363
Infrastructure - Electricity		—	208	6	9 500	11 380	11 380	1 500	—	—
Infrastructure - Water		—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Infrastructure		29 224	27 598	42 170	65 834	61 625	61 625	56 386	51 461	53 363
Community		11 478	299	822	2 950	1 200	1 200	4 705	5 900	7 105
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	714	2 491	5 633	18 713	11 993	11 993	21 897	22 006	10 007
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset	2	41 416	30 388	48 626	87 497	74 818	74 818	82 988	79 367	70 475
ASSET REGISTER SUMMARY - PPE (WD)										
Infrastructure - Road transport	5	154 194	162 382	173 457	180 000	180 000	180 000	200 000	215 000	225 000
Infrastructure - Electricity		—	1 756	4 246	4 100	4 100	4 100	4 000	4 000	3 900
Infrastructure - Water		—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	256	673	673	673	673	650	650	630
Infrastructure		154 194	164 394	178 376	184 773	184 773	184 773	204 650	219 650	229 530
Community		35 420	45 773	49 943	50 000	50 000	50 000	55 000	60 000	58 000
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		23 211	23 163	46 606	23 211	23 211	23 211	23 211	23 211	23 211
Other assets		8 425	7 863	8 096	9 500	9 500	9 500	11 500	12 000	12 100
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		73	69	—	73	73	73	73	73	73
TOTAL ASSET REGISTER SUMMARY - PPE	5	221 323	241 261	283 021	267 557	267 557	267 557	294 434	314 934	322 914
EXPENDITURE OTHER ITEMS										
<u>Depreciation & asset impairment</u>		15 360	18 773	18 632	5 973	18 973	18 973	19 000	20 603	21 710
<u>Repairs and Maintenance by Asset</u>	3	15 815	14 114	17 961	24 937	25 437	25 437	29 084	30 655	32 353
Infrastructure - Road transport		12 258	7 894	9 983	14 291	14 291	14 291	17 429	18 371	19 406
Infrastructure - Electricity		865	1 463	759	1 000	1 500	1 500	1 500	1 581	1 666
Infrastructure - Water		—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Infrastructure		13 123	9 358	10 742	15 291	15 791	15 791	18 929	19 952	21 072
Community		826	1 617	4 492	3 780	3 780	3 780	3 980	4 195	4 422
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6, 7	1 867	3 139	2 728	5 866	5 866	5 866	6 174	6 508	6 859
TOTAL EXPENDITURE OTHER ITEMS		31 175	32 887	36 593	30 910	44 410	44 410	48 084	51 258	54 063
<u>Renewal of Existing Assets as % of total capital expenditure</u>		0.0%	0.0%	0.0%	4.4%	7.6%	7.6%	28.2%	22.4%	24.8%
<u>Renewal of Existing Assets as % of depreciation</u>		0.0%	0.0%	0.0%	64.0%	30.0%	30.0%	123.2%	86.4%	80.5%
<u>R&M as a % of PPE</u>		7.2%	6.1%	7.7%	8.4%	8.6%	8.6%	9.8%	9.2%	8.1%
<u>Renewal and R&M as a % of PPE</u>		7.0%	6.0%	6.0%	11.0%	12.0%	12.0%	18.0%	15.0%	15.0%

Explanatory notes to Table A9 - Asset Management

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality meets both these recommendations.

Table 21 MBRR Table A10 - Basic Service Delivery Measurement

KZN291 Mandeni - Table A10 Basic service delivery measurement										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Energy:										
Electricity (at least min.service level)		1 009	1 009		1 009		1 009	1 053		
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		1 009	1 009	–	1 009	–	1 009	1 053	–	–
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)		2 560	2 560		2 560		2 560	2 560		
Other energy sources		12 500	12 500		12 500		12 500	12 500		
<i>Below Minimum Service Level sub-total</i>		15 060	15 060	–	15 060	–	15 060	15 060	–	–
Total number of households	5	16 069	16 069	–	16 069	–	16 069	16 113	–	–
Refuse:										
Removed at least once a week		7 207	7 207		7 207		7 207	7 207		
<i>Minimum Service Level and Above sub-total</i>		7 207	7 207	–	7 207	–	7 207	7 207	–	–
Removed less frequently than once a week										
Using communal refuse dump		2 900	2 900		2 900		2 900	2 900		
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal		5 962	5 962		5 962		5 962	5 962		
<i>Below Minimum Service Level sub-total</i>		8 862	8 862	–	8 862	–	8 862	8 862	–	–
Total number of households	5	16 069	16 069	–	16 069	–	16 069	16 069	–	–
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kw h per household per month)		1 265	1 265		1 265		1 265	1 265		
Refuse (removed at least once a week)		2 560	2 560		2 560		2 560	2 560		
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kw h per household per month)		520	520		520		520	520		
Refuse (removed once a week)		210	210		210		210	210		
Total cost of FBS provided (minimum social package)		730	730	–	730	–	730	730	–	–
Highest level of free service provided										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kw h per household per month)										
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		3 000	3 000		3 000		3 000	3 000		
Property rates (other exemptions, reductions and rebates)										
Water										
Sanitation										
Electricity/other energy		520	520		520		520	520		
Refuse		210	210		210		210	210		
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other										
provided (total social package)	6	3 730	3 730	–	3 730	–	3 730	3 730	–	–

Explanatory notes to Table A10 - Basic Service Delivery Measurement

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

The Municipality continues to make good progress with the eradication of backlogs in the area as it is estimated approximately 8 000 households:

Electricity services – backlog will be reduced by 1236 households. As indicated in the IDP, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 1500 households budgeted to be electrified in 2015/16.

Refuse services – backlog will be reduced by 1107 households in 2015/16, and a further 87 households in the outer two years of the MTREF. However it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.

The budget provides for 900 households to be registered as indigent in 2015/16, and therefore entitled to receiving Free Basic Services. The number is set to increase to 1200 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.

It is anticipated that these Free Basic Services will cost the municipality R 1 600, 000 in 2015/16, increasing to R1, 686, 000 in 2016/17. This is covered by the municipality's equitable share allocation from national government.

In addition to the Free Basic Services, the Municipality also 'gives' households R8.5 million in free services in 2015/16, and it increases to R10 million in 2016/17. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 4 per cent of total operating revenue.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio Committee for Finance.

The primary aims of the Budget Steering Committee are to ensure: that the process followed to compile the budget complies with legislation and good budget practices; that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality; that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Budget Steering Committee meetings were convened during the process of compiling the 2015/16 budget and MTREF.

2.2 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 28 August 2014. Key dates applicable to the process were:

August 2014 – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritization criteria for the compilation of the 2015/16 MTREF; IDP/BUDGET/PMS Technical Committee Meeting to discuss Draft Process Plan

September 2014 – Review of National Policies and budget plans and potential price increase of bulk resources with function and department officials

December 2014 - Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

3 to 7 January 2015 - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;

January 2015 – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;

25 January 2015 - Council considers the 2014/15 Mid-year Review;

February 2015 - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2015/16 MTREF is revised accordingly;

26 February 2015 – Council considers the 2014/15 Adjustment Budget

February 2015 - Finalize and submit to the Mayor proposed budget and plans for next three year budget taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for previous years audited AFS and AR

27 March 2015 - Tabling in Council of the draft 2015/16 IDP and Budget MTREF for public consultation;

April 2015 – Public consultation;

15th May 2015 - Closing date for written comments;

6 to 23 May 2015 – finalization of the 2015/16 IDP and 2015/16 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and

29 May 2015 - Tabling of the 2015/16 & MTREF before Council for consideration and approval.

There has been no deviation from the key dates set out in the Budget Time Schedule tabled in Council.

2.3 IDP and Service Delivery and Budget Implementation Plan

This is the third generation of the municipal IDP as the last IDP was adopted by Council in May 2006. It started in September 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2015/16 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the third generation included the following key IDP processes and deliverables:

Registration of community needs;

Compilation of departmental business plans including key performance indicators and targets;

Financial planning and budgeting process;

Public participation process;

Compilation of the SDBIP, and

The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/16 MTREF, based on the approved 2014/15 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2015/16 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2014/15 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.3.1 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2015/16 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2015/16 MTREF:

Municipality growth
Policy priorities and strategic objectives
Asset maintenance
Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
Performance trends
The approved 2014/15 adjustments budget and performance against the SDBIP
Cash Flow Management Strategy
Debtor payment levels
Loan and investment possibilities
The need for tariff increases versus the ability of the community to pay for services;
Improved and sustainable service delivery
Dashboard imperatives
Disaster management mandate
Traffic Department
Vacant positions
Indigent customers
Job evaluation result

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 58, 59, 66 and 67,70,71,72, 74 and 75 has been taken into consideration in the planning and prioritisation process.

2.3.2 Community Consultation

The Draft Budget 2015/16 MTREF is tabled before Council on 27th March 2015 for community consultation and will be published on the municipality's website, and hard copies are to be made available at customer care offices, municipal notice boards and various libraries. The opportunity to give electronic feedback will also be communicated on the Municipality's website, and the Municipality's call centre **will be** engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) **are to be** provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees **are to be** utilised to facilitate the community consultation process from 01 April to 20 May 2014, and include 8 public briefing sessions. The applicable dates and venues **will be** published in all the local newspapers. This **will then be** compared to the previous year's process. This then attributed to the additional initiatives that **will be** launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions **will be** scheduled with organised business and imbizo's **will be** held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

2.4 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Development Plan (NDP).

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's strategic objectives for the 2015/16 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 22 IDP Strategic Objectives

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC	STRATEGIES	RESPONSIBLE DEPARTMENT	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION							
GGPP 01	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	TO FOSTER A CULTURE OF COMMUNITY INVOLVEMENT AND GOOD GOVERNANCE IN THE AFFAIRS OF THE MUNICIPALITY	2.3 Ensure a participative, transparent and accountable governance		2.3.1 Improve the public participation processes	Community services	
GGPP 02						OMM	
GGPP 03						2.3.2 Ensure the existence and functionality of the public participation structures	OMM
GGPP 04						2.3.3 Ensure functional municipal structures	Corporate services
GGPP 05							Office of the MM
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT							
BSD 01	BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Providing equal access to high quality sustainable basic infrastructure and services	1.1. To improve access to basic services		1.1.1. Facilitate the reduction of water and sanitation infrastructure and service backlogs.	TSD	
BSD 03					1.1.2 Facilitate access to electricity for all targeted	TSD	
BSD 04					1.1.3 Reduce the road and storm-water infrastructure	TSD	
BSD 05					1.1.4 Facilitate the reduction of the housing backlog	TSD	
BSD 18					1.1.5 Provide efficient waste collection and	TSD	
BSD 19					1.1.6 Maintain a functional Infrastructure Development	TSD	
BSD 22					1.1.7 To prepare a 3 year capital infrastructure funding plan	TSD	

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC STRATEGIES	RESPONSIBLE DEPARTMENT	
FINANCIAL VIABILITY AND MANAGEMENT						
FVM 01	FINANCIAL VIABILITY AND MANAGEMENT	TO DEVELOP A SUSTAINABLE AND EFFICIENT MUNICIPALITY BASED ON SOUND FINANCIAL MANAGEMENT	2.2 Ensure a financially viable municipality.	2.2.1 Improve the audit opinion	OMM	
FVM 03				2.2.2 Ensure the IDP aligned financial planning	BTO	
FVM 04				2.2.3 Effectively and efficiently manage the expenditure of the municipality	BTO	
FVM 09				2.2.4 Manage and increase the municipal revenue base	BTO	
FVM 13				2.2.5 Ensure that the municipality acquires	BTO	
FVM 14				2.2.6 Ensure a constant and accurate financial reporting.	BTO	
FVM 16					BTO	
COMMUNITY AND SOCIAL SERVICES DEVELOPMENT						
CSD 01	COMMUNITY AND SOCIAL SERVICES DEVELOPMENT	Providing and facilitating access to social services and facilities.	5.1 Ensure that our people have access to community facilities and services	5.1.1 Provide the library services 5.1.2 Facilitate the provision of new community facilities	CSPS	
CSD 02			5.2 Aspire to a healthy, safe and crime free area	5.2.1 Facilitate the provision of the community health facilities	CSPS	
CSD 03				5.2.2 Ensure the municipal contribution to HIV/AIDS	CSPS	
CSD 04				5.2.3 Improve on road safety	CSPS	
CSD 05				5.2.4 Ensure the municipal contribution to community	CSPS	
CSD 06				5.3.2 Design and implement sports, arts and	CSPS	

LOCAL ECONOMIC DEVELOPMENT

LED 01	LOCAL ECONOMIC DEVELOPMENT	3. Promoting and facilitating human development	3.1 Achieve a holistic human development and capacitation for the realisation of skilled and employable workforce	3.1.1 Improve the community skills base	EDPH
LED 03		4. Facilitate the creation of job opportunities		3.1.2 Ensure the empowerment of youth, women and people living with disabilities	EDPH
LED 04			4.1 Facilitating the creation of employment opportunities for skilled and employable people	4.1.1 Implement the EPWP programme	EDPH
LED 06				4.1.2 Strategically plan for the local economic development	EDPH
				4.1.3 facilitate the implementation of the CWP	
LED 07				4.1.4 Coordinate the fight against poverty	EDPH
				4.1.5 Unlock the agricultural potential	
				4.1.6 Promote the manufacturing sector activities	
				4.1.7 Facilitate SMME development	
				4.1.8 Promote Mandeni to be a tourist destination.	

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC	STRATEGIES	RESPONSIBLE DEPARTMENT
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION						
IDT 01	MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	2. Provision of effective, efficient, transparent and accountable leadership	2.1 Creating a conducive working environment	2.1.1 Maintain and improve the municipal policies	CSD	
IDT 02				2.1.2 Ensure effective and efficient human resource management	CSD	
IDT 03				2.1.3 Ensure effective and efficient human resource development	CSD	
IDT 04				2.1.4 Improve performance	CSD	
IDT 05				2.1.5 Improve information technology and document management systems	CSD	
IDT 06				2.1.6 Improve on customer care	CSD	
IDT 07				2.1.7 Maintain and improve municipal	CSD	
IDT 08						
BACK TO BASICS –Cross cutting measures						
SDF 01	SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT	Promoting and facilitating environmental protection and sustainable spatial planning.	6.1 Realise a completely protected environment	6.1.1 Improve community awareness on environmental protection 6.1.2 Implement the coastal management plan	EDPH	
			6.2 Facilitate a creation of a disaster ready community	6.2.1 Develop and adopt the disaster management plan 6.2.2 Create a community disaster awareness		
SDF 02			6.3 Ensure an integrated and aligned development planning	6.3.1 Implement the SDF 6.3.2 Implement the Dokodweni Local Area Development Plan	EDPH	

SDF 03				6.3.3 Implement the Tugela Mouth Local Area Development Plan	EDPH
				6.3.4 Ensure the existence of the municipal land use guideline	
				6.3.5 Promote the municipal integrated planning	

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

Provision of quality basic services and infrastructure which includes, amongst others:

Provide electricity;
Provide housing;
Provide roads and storm water;
Provide Municipality planning services; and
Maintaining the infrastructure of the Municipality.

Economic growth and development that leads to sustainable job creation by:

Ensuring there is a clear structural plan for the Municipality;
Ensuring planning processes function in accordance with set timeframes;
Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3.1. Fight poverty and build clean, healthy, safe and sustainable communities:

Effective implementation of the Indigent Policy;
Working with the provincial department of health to provide primary health care services;
Extending waste removal services and ensuring effective Municipality cleansing;
Working with strategic partners such as SAPS to address crime;
Ensuring safe working environments by effective enforcement of building and health regulations;
Promote viable, sustainable communities through proper zoning; and
Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities

Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinate with the informal settlements upgrade programme

3.3 Foster participatory democracy and Batho pele principles through a caring, accessible and accountable service by:

Optimising effective community participation in the ward committee system; and
Implementing batho pele in the revenue management strategy.

3.4 Promote sound governance through:

Publishing the outcomes of all tender processes on the municipal website

3.5 Ensure financial sustainability through:

Reviewing the use of contracted services, continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan.

3.6 Optimal institutional transformation to ensure capacity to achieve set objectives

Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

Developing dormant areas;

Enforcing hard development lines – so as to direct private investment;

Maintaining existing urban areas;

Strengthening key economic clusters;

Building social cohesion;

Strong developmental initiatives in relation to the municipal institution as a whole; and

Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the third generation IDP, including:

Strengthening the analysis and strategic planning processes of the Municipality;
Initiating zoned planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;

Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and

Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2015/16 MTREF has therefore been directly informed by the IDP development process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 23 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN291 Mandeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)											
Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Sustainable Services	Electricity			13 034	12 310	11 854	25 130	25 130	36 243	43 010	48 306
Sustainable Services	Waste Management			6 264	7 397	5 948	11 550	11 550	11 943	13 318	14 713
Sustainable Services	Health			1 179	389	233	190	790	190	42	44
Sustainable Services	Community			591	585	1 221	1 823	1 823	1 989	26	28
Infrastructure	Roads & Stormw ater			35 067	–	–	32 957	32 957	34 263	34 556	35 993
Infrastructure	Cemeteries			–	–	–	–	–	–	–	–
Infrastructure	Housing			2 768	–	–	–	–	–	–	–
Infrastructure	Public Amenities			–	–	–	–	–	–	–	–
Good Governance	Support Services			32 374	22 561	21 430	150	150	150	158	167
Good Governance	Integrated Planning			167	–	–	21 027	14 938	9 773	5 130	5 537
Good Governance	Financial Management			94 449	112 043	119 565	115 139	134 012	145 086	149 160	150 472
Good Governance	Human Resources Management			179	163	32	–	–	–	–	–
Good Governance	Executive and Council			4 040	18	71	5 860	5 860	6 140	6 422	6 708
Environmental Management	Land Management			–	–	–	–	–	–	–	–
Economic Development	Local Economic Development			99	591	14 277	–	–	–	–	–
Social Development	Culture & Sport			9	5	27	12	12	12	13	13
Social Development	Public Participation										
Safety & Security	Security										
Safety & Security	Disaster Management			89	87	102	893	893	893	942	992
Safety & Security	Road Safety										
Allocations to other priorities			2								
Total Revenue (excluding capital transfers and			1	190 311	156 149	174 758	214 732	228 116	246 682	252 777	262 973

Table 24 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

KZN291 Mandeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
R thousand													
Sustainable Services	Electricity			10 235	11 279	11 957	15 052	15 852	15 852	34 990	32 907	36 881	
Sustainable Services	Waste Management			7 243	7 452	7 929	5 858	10 358	10 358	5 048	5 321	5 612	
Sustainable Services	Health			2 050	483	282	–	–	–	–	–	–	
Sustainable Services	Community			4 372	4 780	8 868	9 645	9 645	9 645	9 010	9 496	10 040	
Infrastructure	Roads & Stormw ater			7 950	5 409	6 806	10 199	10 499	10 499	13 364	12 911	12 307	
Infrastructure	Cemeteries			178	194	117	263	263	263	93	98	104	
Infrastructure	Housing			2 831	1	9	–	–	–	–	–	–	
Infrastructure	Public Amenities			3 218	3 787	4 943	7 045	7 045	7 045	6 598	6 954	7 341	
Good Governance	Support Services			6 153	9 610	13 322	12 381	12 381	12 381	12 732	13 420	14 171	
Good Governance	Integrated Planning			23	1 562	2 682	8 023	7 653	7 653	7 002	6 537	6 910	
Good Governance	Financial Management			32 967	36 227	53 693	22 285	36 115	36 115	38 515	42 018	45 508	
Good Governance	Human Resources			6 803	8 107	11 030	14 444	14 744	14 744	16 051	16 918	17 866	
Good Governance	Executive and Council			17 571	25 214	32 847	27 512	30 062	30 062	35 617	37 477	39 574	
Environmental Management	Land Management			–	90	525	–	–	–	–	–	–	
Economic Development	Local Economic Development			985	2 438	3 842	4 674	4 674	4 674	6 313	4 652	4 908	
Social Development	Culture & Sport			392	465	549	1 079	1 079	1 079	760	802	847	
Social Development	Public Participation												
Safety & Security	Security												
Safety & Security	Road Safety			6 436	3 677	6 059	13 937	13 937	13 937	16 633	16 315	17 032	
Allocations to other priorities													
Total Expenditure				1	109 405	120 775	165 457	152 398	174 308	174 308	202 727	205 826	219 100

Table 25 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

KZN291 Mandeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)												
Strategic Objective	Goal	Goal Code	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Sustainable Services	Electricity	A		–	–	–	10 250	11 880	11 880	1 500	–	–
Sustainable Services	Waste Management	B		–	–	–	1 300	1 200	1 200	1 500	–	–
Sustainable Services	Health	C		–	–	–	–	–	–	–	–	–
Sustainable Services	Community	D		–	–	–	2 083	1 783	1 783	2 929	706	112
Infrastructure	Roads & Stormw ater	E		29 224	–	–	38 347	38 457	38 457	45 263	46 489	47 993
Infrastructure	Cemeteries	F		–	–	–	–	–	–	2 000	2 000	2 000
Infrastructure	Housing	G		–	–	–	–	–	–	–	–	–
Infrastructure	Public Amenities	H		–	–	–	410	200	200	–	–	–
Good Governance	Support Services	I		16 080	(689)	(1 066)	13 470	6 550	6 550	16 250	22 000	–
Good Governance	Integrated Planning	J		–	–	–	22 497	14 908	14 908	9 773	4 972	5 370
Good Governance	Financial Management	K		714	–	1 405	90	90	90	137	–	–
Good Governance	Human Resources Management	L		–	–	–	150	1 150	1 150	1 080	–	–
Good Governance	Executive and Council	M		–	28	21	253	253	253	83	–	–
Environmental Management	Land Management	N		–	–	–	–	–	–	–	–	–
Economic Development	Local Economic Development	O		–	–	–	–	–	–	400	–	–
Social Development	Culture & Sport	P		–	–	–	750	500	500	1 544	3 200	5 000
Social Development	Public Participation											
Safety & Security	Security											
Safety & Security	Road Safety			–	–	–	898	948	948	529	–	10 000
Allocations to other priorities			3									
Total Capital Expenditure			1	46 018	(661)	360	90 497	77 918	77 918	82 988	79 367	70 475

2.5 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

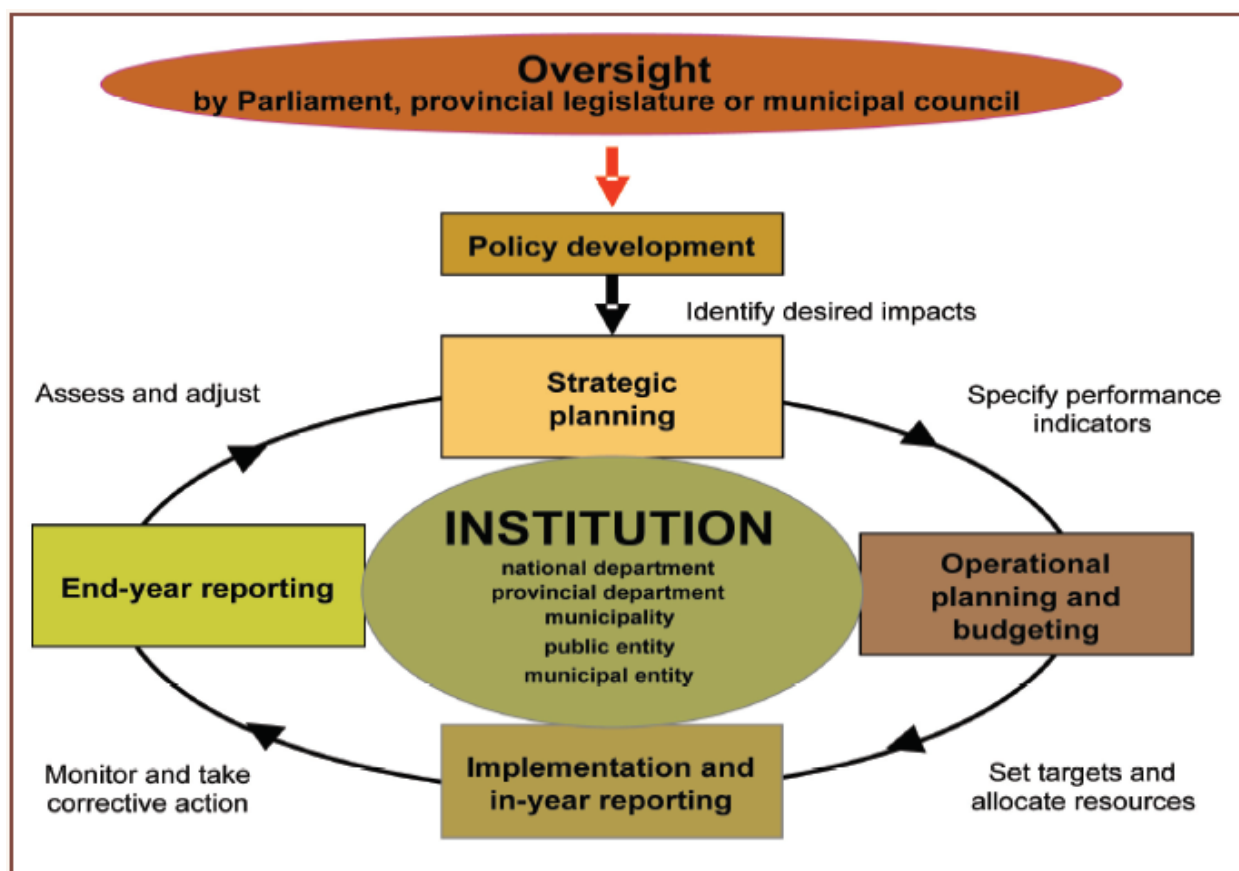


Figure 2 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

Planning (setting goals, objectives, targets and benchmarks);
Monitoring (regular monitoring and checking on the progress against plan);
Measurement (indicators of success);
Review (identifying areas requiring change and improvement);
Reporting (what information, to whom, from whom, how often and for what purpose); and
Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

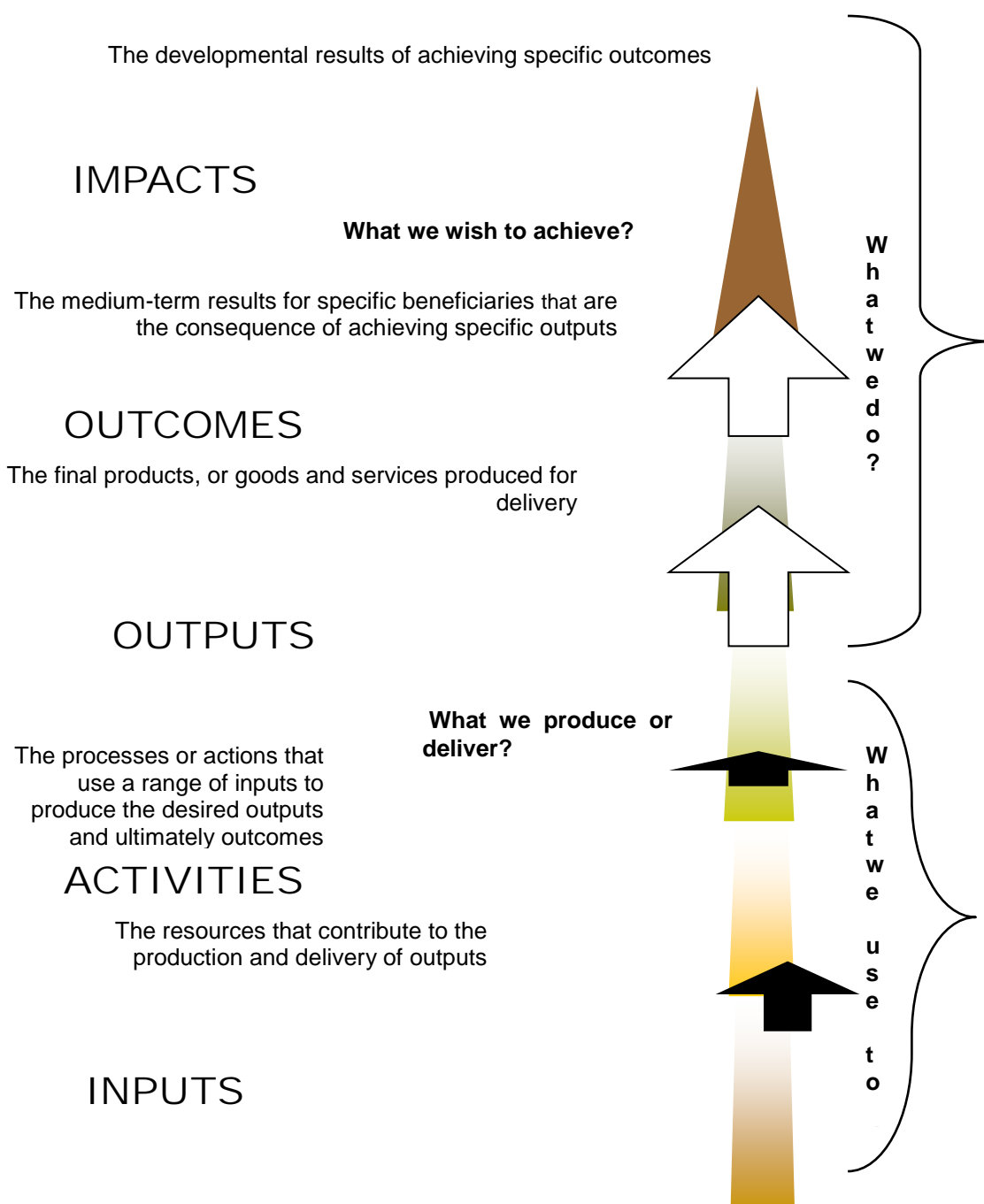


Figure 3 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year

Table 26 MBRR Table SA7 - Measurable performance objectives

KZN291 Mandeni - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Executive and Council										
Function 1 - (name)										
Council										
Strategic planning session					350	350	350			
EXCO retreat and planning session					150	150	150			
Policy review session					250	250	250			
Office Equipment					30	30	30	130		
Municipal Manager										
2x laptop					20	20	20	20		
2 laptops (interns)					16	16	16			
1 laptop (CAE)					8	8	8			
printer					5	5	5			
1 Printer(specialised printer)					8	8	8			
PA system					20	20	20			
Loud hailers					10	10	10			
Camera					10	10	10			
office equipment					2	2	2	103		
Vote 2 - Budget and Terasury										
Function 1 - (name)										
Treasury										
4 x Laptop					60	60	60	30		
5 x Computers					40	40	40	40		
2 x L-shape Desks					20	20	20	20		
Vote 3 - Corporate Services										
Function 1 - (name)										
Sub-function 1 - (name)										
Furniture & Equipment								200		
Projector								30		
2X Laptop								20		
Server upgrade					100	100	100			
Biometric access control					300	300	300			
Furniture					100	100	100			

KZN291 Mandeni - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Vote 4 - Community and Social Services										
Function 1 - (name)										
Social										
HIV/AIDS Awareness Education Program					330	330	330	400	422	444
Training and mentoring of WACs					150	150	150	200		
Indigent/ Pauper burial service					174	174	174	174	183	193
Arts and culture					400	400	400			
Tertiary textbook for all libraries					25	25	25	52	55	58
Youth Programmes (Career exhibition, Youth					400	400	400	500	527	555
Special Programmes – (celebration of calendar					450	450	450	1 240	1 307	1 378
Sports development and promotion					250	250	250	200		
SALGA games					450	450	450	450	685	722
Flagship programme (Operation Sukuma										
Geographical naming (name change and					200	200	200	100	105	111
Printers							6		6	7
Office Equipment							100			
8 armrest visitor chairs							10			
2 mega phones for awareness campaigns							2			
Flashing notice boards							30			
Staff lockers							15			
Furniture for Mandeni hall							100			
Mandeni hall display (pot of excellence)							20			
Wall mounted Sound system for Sibisisiwe hall							600			
Acoustic, Fans and painting of Sibisisiwe hall							1 000			
Fire and safety emergencies								476		
Community hall								1 692		
Sports and Recreation										
Swimming pool					300	300	300	3 000	2 500	
Pool vacuum					100	100	100			
Establish cricket ground								500	600	
Upgrade tennis court					100	100	100			
Combo Goal Posts Sport field					100	100	100	100	200	
Laptops					35	35	35			
Printers					15	15	15			
Acoustics installation - Sibisisiwe hall								1 000		
Planning Phase 2 Ncedomhlope								400	3 000	5 000
Upgrading of Ndulinde and Isithebe sports								250		
Library										
Mobile Libraries					100	100	100	740	100	105
Library counter										
Library Cupboards					250	250	250	21	600	
Vote 6 - Public Safety										
Function 1 - (name)										
Safety										
Disaster management / relief Aide					150	150	150			
Formulation of Disaster management plan					250	250	250			
Facilitate the establishment of disaster					2 410	2 410	2 410			
Education and Awareness campaign –					200	200	200			
Scholar patrol programme					50	50	50			
Formulation of Mandeni Safety Forum in					200	200	200			
Pounding of stray animals										
Resuscitate the functioning of Public Safety										
Facilitate the re-opening of the learners/drivers										
Erection of speed humps within the area of					100	100	100			
Uniform and safety cloth for traffic officers					80	80	80	106	112	118
Training and development for public safety					100	100	100			
Planning Building new DLTC/MLB with Test							150	529		
2 X Traffic Patrol Vehicles							500			
Road Block Trailer							90			
2 X Pro Laser iv Speed Measurement							98			
3 x Alcohol screening device drager 6820 +							60			

Vote 9 - Planning and Development									
Function 1 - (name)									
Planning									
Ngwenya Nature Reserve Revival					500	500	500	400	
Phase 2 Informal Traders Development					1 200	1 200	1 200		
Tourism Sector Plan Review					200	200	200		
LED Strategy Review					150	150	150		
SMME Support (Food for waste)								1 000	
Feasibility Study for Establishment of Fashion									
Development of Investment Strategy					200	200	200		
Feasibility Study on Renewable Energy									
Business Plan for Nurseries Establishment									
Business Plan for Cooperatives Formation in									
Revival of Small cane Growers									
Feasibility Study and Business Plan for									
Installation of Irrigation scheme									
Supply of Agricultural Farming Equipment for									
Feasibility Study and Business Plan for Fresh									
Feasibility Study and Business Plan for					200	200	200		
Mandeni Tourism Conference					30	30	30	100	
Tourism Marketing Plan and Route									
Establishment of Tourism Information Centre					200	200	200		
Tourism Signage					100	100	100		
Establishment of Museum					150	150	150		
SMME Development and Training					200	200	200		
Formation of Cooperatives in Waste					200	200	200		
Furniture					50	50	50	150	
Computers					40	40	40		
Purchasing and development of Land for								2 000	
Feasibility Study - Swimming Pool								350	
Resuscitate Beach Cleaning Project								200	
Feasibility Study - Mini Factories								300	
Conduct EIA for 3 Blue Flag Status								450	
Rural Development plan & Framework								300	
Ibeach Experience								1 300	
Raft Race								200	
Quick Wins								1 500	
Technical Services									
Section 78 assessment of waste services					500	500	500		
Review of IWMP					300	300	300		
Establish garden refuse drop off centres					500	500	500		
Computers for new recruits					30	30	30		
Office Furniture for new recruits					30	30	30	50	
Boardroom furniture									
Digital Camera									
Projector									
Fridge					2	2	2		
Reception furniture					10	10	10		
Municipal Building									
Refurbishment of existing and provision of New					4 000	4 000	4 000	16 000	
Ablutions and changerooms incl. lockers					300	300	300		
Informal trader stalls					2 510	2 510	2 510		
Airconditioners								200	
Function 2 - (name)									
Fleet and workshop									
Light Delivery Vehicles (LDV's)					900	900	900		
Trailers					150	150	150		
workshop equipment					100	100	100		
Vote 10 - Environmental Protection									
Function 1 - (name)									
Parks									
Brushcutters					100	100	120		
ride mower							240		
4 tonne crew cab and load bin trucks									
ride mower					220	220	220		
Push mowers					50	50	50		
Plant nursery					100	100	100		
Plants and trees									
Storage container					50	50	50		
Small tools					40	40	40		

KZN291 Mandeni - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Vote 11 - Road transport										
Function 1 - (name)										
Roads										
Roads Masterplan and Pavement					750	750	750			
Preparation of a Storm-water masterplan					750	750	750	1 450		
Establishment of borrow pits					500	500	500	350		
Local Transport Plan								500		
Infrastructure Summit					300	300	300			
Counter funding on MIG Projects					3 000	3 000	3 000	3 000	5 500	6 000
Rehabilitation of rural roads					2 500	2 500	2 500	8 000	375	
4 ton crew cab trucks with load bins										
Pad foot compactors					60	60	60			
Mobile toilets- trailer mounted					150	150	150			
Tar sprayer					50	50	50			
Small Tools					50	50	50			
Roll overs on Grants					15 000	15 000	15 000			
CBD Upgrade and Improvement Project: Phase					5 000	5 000	5 000	9 623		
Masomonce minibus taxi route										
Sundumbili roads Phase 6					1 662	1 662	1 662			
Inyoni taxi route Phase 1					233	233	233			
Inyoni taxi route Phase 2					2 541	2 541	2 541			
Bomag Compactor (walk behind)										
Sundumbili Roads Upgrade Phase 7					15 179	15 179	15 179			
Sport facilities (p-component)					3 022	3 022	3 022	11 152	1 140	
Inyoni Taxi route phase 3					1 617	1 617	1 617			
Upgrading/ Conclusion of Newark Drive					1 625	1 625	1 625	2 151		
Amanda Farm Housing Taxi routes										
Rural Roads Upgrade										
Hardened Sidewalks					2 000	2 000	2 000	2 200	2 023	
PMU (5% Top slice)					1 467	1 467	1 467	1 649		
Extension of Hlomendlini Bus Route									13 523	712
Rehabilitation of Mandeni Rural Gravel Roads								7 511		
Nyoni Housing Bulk Roads and Storm-water								9 553		
Upgrade of internal roads within and adjacent									15 949	12 870
Vote 12 - Waste Management										
Function 1 - (name)										
Solid waste										
Skips (Communal Bins)					500	500	500			
Wood chipper										
Wheelie bins & street bins					200	200	200			
TLB								700		
Waste separation facility								800		
Vote 13 - Electricity										
Function 1 - (name)										
Sub-function 1 - (name)										
Refurbish 11kv overhead power lines					1 000	1 000	1 000	1 000		
Pre-paid electricity Metering					750	750	750			
Increase the NMD on Mandini Licensed										
Fencing of sub-stations										
Streetlighting (new)					250	250	250	500		
Fault finding machine										

The following table sets out the municipalities main performance objectives and benchmarks for the 2015/16 MTREF.

Table 27 MBRR Table SA8 - Performance indicators and benchmarks

KZN291 Mandeni - Supporting Table SA8 Performance indicators and benchmarks									
Description of financial indicator	Basis of calculation	2011/12	2012/13	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
<u>Borrowing Management</u>									
Credit Rating									
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>									
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>									
Current Ratio	Current assets/current liabilities	3.4	4.8	2.8	6.6	6.6	8.9	9.0	6.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3.4	4.8	2.8	6.6	6.6	8.9	9.0	6.6
Liquidity Ratio	Monetary Assets/Current Liabilities	3.6	3.2	2.3	4.4	4.4	5.2	3.5	2.5
<u>Revenue Management</u>									
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		87.6%	63.7%	74.2%	82.6%	81.5%	46.9%	47.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		87.6%	63.7%	74.2%	82.6%	81.5%	46.9%	47.7%	48.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	-3.0%	23.5%	7.0%	21.7%	19.2%	24.2%	36.6%	30.2%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	2.8%	3.8%	8.0%	14.0%	14.0%	30.0%	30.0%	30.0%
<u>Creditors Management</u>									
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	92.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		5.5%	11.1%	12.6%	15.7%	12.5%	43.2%	-58.9%	-35.6%
<u>Other Indicators</u>									
Electricity Distribution Losses (2)	Total Volume Losses (kW)								
	Total Cost of Losses (Rand '000)	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
	% Volume (units purchased and generated less units sold)/units								
Water Distribution Losses (2)	Total Volume Losses (kt)								
	Total Cost of Losses (Rand '000)								
	% Volume (units purchased and generated less units sold)/units								
Employee costs	Employee costs/(Total Revenue - capital revenue)	21.2%	20.4%	25.3%	36.6%	32.5%	29.9%	30.0%	30.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	21.2%	25.0%	27.6%	43.0%	38.1%	35.5%	35.5%	36.2%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	10.1%	9.1%	10.3%	16.4%	14.8%	14.3%	14.4%	14.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	9.8%	12.1%	10.7%	3.9%	11.0%	9.4%	9.7%	9.8%
<u>IDP regulation financial viability indicators</u>									
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	20.9	17.8	15.0	12.3	12.3	5.3	5.0	5.4
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	-12.6%	65.5%	24.1%	64.1%	59.5%	100.8%	152.2%	124.1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	10.2	11.0	6.5	4.9	5.9	1.6	(1.2)	(2.1)

2.6 Performance indicators and benchmarks

2.6.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Mandeni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

The Municipality has raised mainly amortising loans over the past fifteen years, hence effectively 'front-loading' its debt service costs

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

2.6.1.2 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2014/15 MTREF the current ratio is 8.9 in the 2015/16 financial year and 9.0 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2014/15 financial year the ratio was 5.2 and as part of the financial planning strategy it has been maintained at 3.5 in the 2015/16 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

2.6.1.3 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.6.1.4 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of no concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.6.1.5 Other Indicators

Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the review of organ gram and low tariff increase which has direct relationship with low billing level.

Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also increasing owing directly to cost drivers such as assets maintenance plans far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.6.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2015/16 financial year 1265 registered indigents have been provided for in the budget with this figured increasing to 1500 by 2015/16. In terms of the Municipality's indigent policy registered households are entitled to, 50 kwh of electricity and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 33.

Note that the number of households in informal areas that receive free services and the cost of these services are not taken into account in the table noted above.

2.7 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.7.1 Review of credit control and debt collection procedures/policies

The Collection Policy is currently under review and it will be approved by Council on March 2015. The policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2015/16 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 65 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.7.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.7.3 Supply Chain Management Policy

The Supply Chain Management Policy is currently under review and draft will be adopted by Council on March 2015. A reviewed policy will be considered by Council of which the amendments will extensively be consulted on.

2.7.4 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Budget and Virement Policy is currently under review and draft will be adopted by Council in March 2015.

2.7.5 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy are currently under review and draft will be adopted by Council on March 2015. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.7.6 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

Property Rates Policy;
Funding and Reserves Policy;
Borrowing Policy;
Budget Policy; and
Basic Social Services Package (Indigent Policy).

2.8 Overview of budget assumptions

2.8.1 External factors

The 2015 Budget Review notes that the global economic outlook has weakened and the pattern of slow growth is likely to persist, with consequences for all developing economies. South Africa's gross domestic product (GDP) forecast for 2015 has also been revised down. The National Treasury projects GDP growth of 2 per cent in 2015, rising to 3 per cent by 2017. Average growth over the forecast period is 0.4 percentage points lower than at the time of the 2014 *Medium Term Budget Policy Statement*. Inadequate electricity supply, however, will impose a serious constraint on output and exports over the short term.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.8.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2015/16 MTREF:

National Government macro economic targets;

The general inflationary outlook and the impact on Municipality's residents and businesses;

The impact of municipal cost drivers;

The increase in prices for bulk city and water; and

The increase in the cost of remuneration. Employee related costs comprise 39 per cent of total operating expenditure in the 2015/16 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.8.3 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (47 per cent) of annual billings. Cash flow is assumed to be 65 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.8.4 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.8.5 Salary increases

The South African Local Government Association issued a press release on 03 March 2015 indicating that it tabled the following offer for salaries and wages increase:

- *2015/16 Financial Year – 4.4 per cent (inflation linked)*
- *2016/17 and 2017/18 Financial Years – inflation related increase plus additional 0.25 per cent*

As the negotiations are still underway, municipalities are advised to use the above proposed guidelines in preparing their 2015/16 budgets.

2.8.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

Creating jobs;
Enhancing education and skill development;
Improving Health services;
Rural development and agriculture; and
Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.8.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 85 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2015/16 & MTREF of which performance has been factored into the cash flow budget.

2.9 Overview of budget funding

2.9.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 28 Breakdown of the operating revenue over the medium-term

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)									
Description	Ref	2013/14	Current Year 2014/15		2015/16 Medium Term Revenue & Expenditure Framework				
R thousand	1	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2015/16	% Change	Budget Year +1 2016/17	% Change	Budget Year +2 2017/18
Revenue By Source									
Property rates	2	27 411	27 685	27 685	26 770	13.20%	28 215	13.23%	29 739
Property rates - penalties & collection charges		5 477	4 000	8 000	—	0.00%	—	0.00%	—
Service charges - electricity revenue	2	11 715	13 056	13 056	14 713	7.25%	15 507	7.27%	16 344
Service charges - refuse revenue	2	5 948	6 550	6 550	6 943	3.42%	7 318	3.43%	7 713
Rental of facilities and equipment		267	190	190	190	0.09%	200	0.09%	211
Interest earned - external investments		3 564	2 500	3 000	3 000	1.48%	3 162	1.48%	3 333
Interest earned - outstanding debtors		—	—	—	6 000	2.96%	7 854	3.68%	9 331
Fines		45	505	505	505	0.25%	532	0.25%	561
Licences and permits		779	300	300	300	0.15%	316	0.15%	333
Transfers recognised - operational		114 788	97 242	97 842	143 970	70.99%	149 678	70.19%	153 553
Other revenue	2	4 765	370	14 743	405	0.20%	466	0.22%	491
Total Revenue (excluding capital transfers and contributions)		174 758	152 398	171 871	202 796	100.00%	213 249	100.00%	221 610

The following graph is a breakdown of the operational revenue per main category for the 2015/16 financial year.

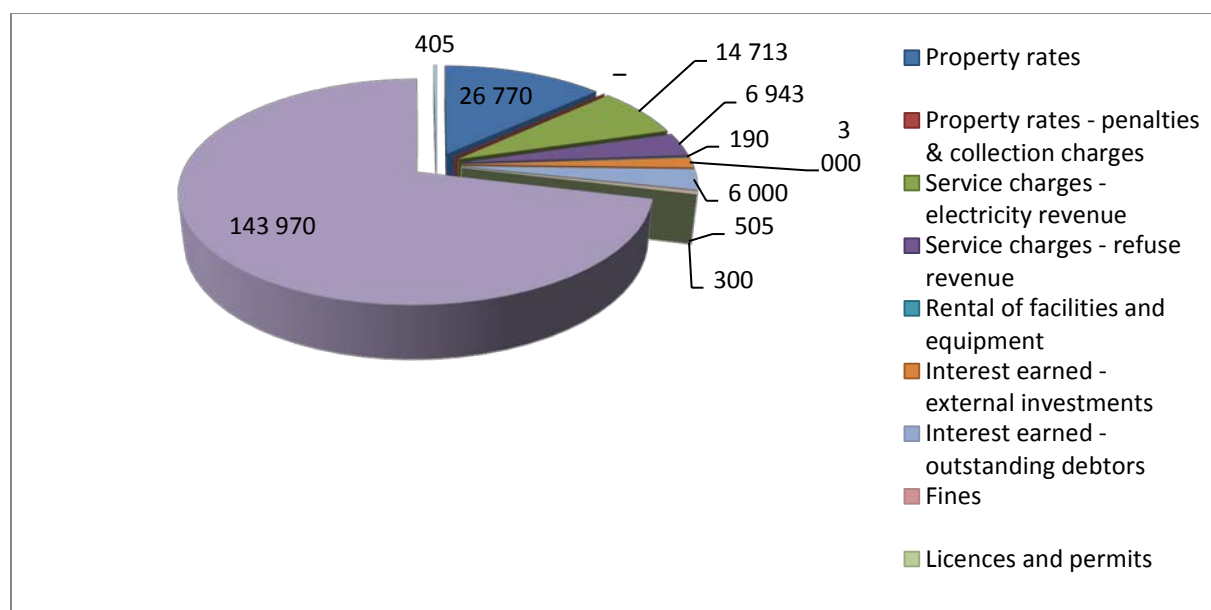


Figure 4 Breakdown of operating revenue over the 2015/16 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

Growth in the Municipality and economic development;

Revenue management and enhancement;

Achievement of a 65 per cent annual collection rate for consumer revenue;

National Treasury guidelines;

Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval;

Achievement of full cost recovery of specific user charges;

Determining tariff escalation rate by establishing/calculating revenue requirements;

The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and

The ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2015/16 MTREF on the different revenue categories are:

Table 29 Proposed tariff increases over the medium-term

Revenue category	2013/14 proposed tariff increase	2014/15 proposed tariff increase	2015/16 proposed tariff increase	2013/14 Additional revenue for each 1% tariff increase	2014/15 Additional revenue for each 1% tariff increase	2013/14 Total Budget revenue
	%	%	%	R'000	R'000	R'000
Property rates	-18	0	6	0.253	0.253	25.314
Solid Waste	6	5.1	4.9	0.061	0.061	6.050
Electricity	7	7	7	0.126	0.126	12.556
Total				0.439	0.439	43.920

Revenue to be generated from property rates is R26.7 million in the 2015/16 financial year and increases to R28.2 million by 2015/16 which represents 13.2 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. In addition we expect some objections, although significant progress was made in clearing all objections by the 2014/15 financial year

Services charges relating to electricity and refuse removal constitutes the third largest component of the revenue basket of the Municipality totaling R21.6 million for the 2015/16 financial year and increasing to R22.8 million by 2015/16. For the 2015/16 financial year

services charges amount to 10.6 per cent of the total revenue base and grows by 5.4 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.

Operational grants and subsidies amount to R143.9 million, R149.7 million and R153.6 million for each of the respective financial years of the MTREF, or 71, 70 and 69 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 47.1 per cent and 3.9 per cent for the two outer years.

Investment revenue contributes marginally to the revenue base of the Municipality with a budget allocation of R3 million, R3.1 million and R3.3 million for the respective three financial years of the 2015/16 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity:

Table 30 MBRR SA15 – Detail Investment Information

KZN291 Mandeni - Supporting Table SA15 Investment particulars by type										
Investment type	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
<u>Parent municipality</u>	1									
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		32 000	54 000	68 000	54 362	54 362	54 362	22 362	38 362	54 362
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total			32 000	54 000	68 000	54 362	54 362	54 362	22 362	38 362
<u>Entities</u>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		32 000	54 000	68 000	54 362	54 362	54 362	22 362	38 362	54 362

Table 31 MBRR SA16 – Investment particulars by maturity

KZN291 Mandeni - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Expiry date of investment	Interest to be realised	Closing Balance
Name of institution & investment ID	1	Yrs/Months						
Parent municipality								
Standard Bank '068637527		12 Months	Deposits - Bank (03)	No	Variable	32 Days Notice	0	0
Nedbank 23581136/9998		5 Yrs	Deposits - Bank (03)	No	Variable	32 Days Notice	276	276
First National Bank		12 Months	Main Account	No	Variable	32 Days Notice	1 464	1 464
First National Bank		12 Months	Call Account	No	Variable	32 Days Notice	63	63
First National Bank		12 Months	Call Account	No	Variable	32 Days Notice	219	219
First National Bank		12 Months	Call Account	No	Variable	32 Days Notice	200	200
First National Bank		12 Months	Call Account	No	Variable	32 Days Notice	205	205
First National Bank		12 Months	Call Account	No	Variable	32 Days Notice	258	258
First National Bank		12 Months	Call Account	No	Variable	32 Days Notice	4	4
First National Bank		12 Months	Call Account	No	Variable	32 Days Notice	310	310
Municipality sub-total								3 000
Entities								
								-
								-
Entities sub-total								-
TOTAL INVESTMENTS AND INTEREST	1							3 000

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R43.9 million, R46.9 million and R43.9 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

2.9.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2015/16 medium-term capital programme:

Table 32 Sources of capital revenue over the MTREF

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding										
Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funded by:										
National Government		17 534	–	–	62 334	56 245	56 245	43 886	39 528	41 363
Provincial Government										
District Municipality										
Other transfers and grants										
Transfers recognised - capital	4	17 534	–	–	62 334	56 245	56 245	43 886	39 528	41 363
Public contributions & donations	5									
Borrowing	6									
Internally generated funds		12 404	(661)	360	28 163	21 673	21 673	39 102	39 839	29 112
Total Capital Funding	7	29 938	(661)	360	90 497	77 918	77 918	82 988	79 367	70 475

The above table is graphically represented as follows for the 2015/16 financial year.

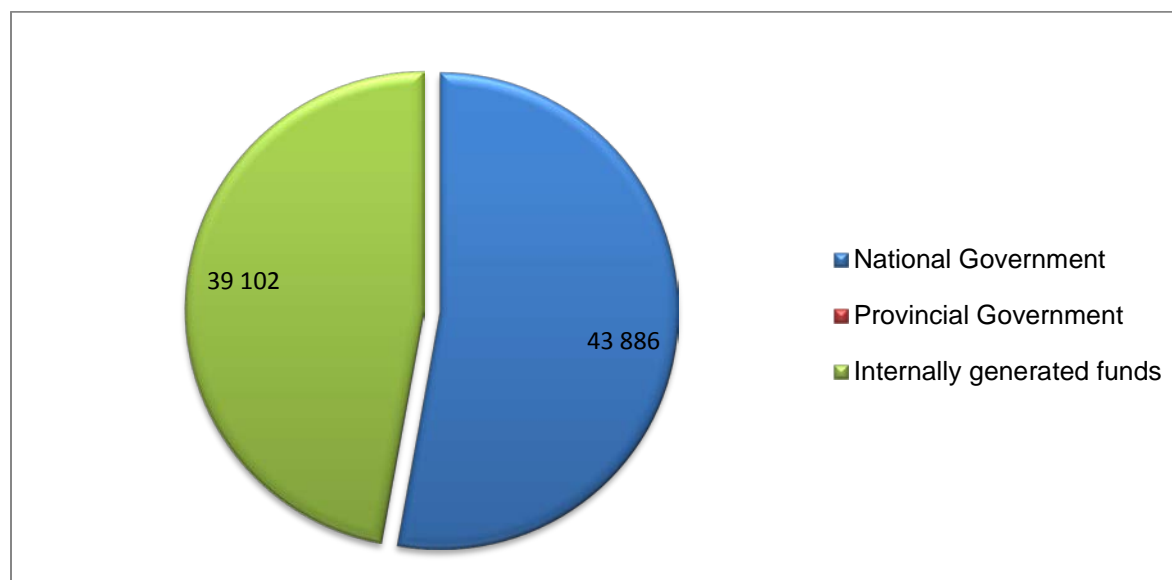


Figure 5 Sources of capital revenue for the 2015/16 financial year

Capital grants and receipts equates to 52.9 per cent of the total funding source which represents R82.9 million for the 2015/16 financial year and steadily decrease to R79.4 million or 47.1 per cent by 2015/16. Growth relating to grant receipts is 6.5, -1 and -4.3 per cent over the medium-term.

Table 33 MBRR Table SA 18 - Capital transfers and grant receipts

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts									
Description	Ref	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand									
RECEIPTS:	1, 2								
Total Operating Transfers and Grants	5	93 022	114 788	97 242	97 842	97 842	143 970	149 678	153 553
Capital Transfers and Grants									
National Government:		-	-	62 334	56 245	56 245	43 886	39 528	41 363
Municipal Infrastructure Grant (MIG)		-	-	32 957	32 957	32 957	34 263	34 556	35 993
Neighbourhood Development Partnership		-	-	20 377	14 288	14 288	9 623	4 972	5 370
INEP		-	-	9 000	9 000	9 000	-	-	-
Other capital transfers/grants [insert desc]									
Provincial Government:		-	-	-	-	-	-	-	-
Small towns rehabilitation									
District Municipality:		-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:		-	-	-	-	-	-	-	-
[insert description]									
Total Capital Transfers and Grants	5	-	-	62 334	56 245	56 245	43 886	39 528	41 363
TOTAL RECEIPTS OF TRANSFERS & GRANTS		93 022	114 788	159 576	154 087	154 087	187 856	189 206	194 916

2.9.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

Clear separation of receipts and payments within each cash flow category;
Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue. and
Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 34 MBRR Table A7 - Budget cash flow statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates, penalties & collection charges		49 513	38 008	41 834	43 483	57 856	57 856	26 165	28 841	31 269
Service charges		63 974	68 846	70 900	97 242	97 842	97 842	16 190	17 065	17 986
Other revenue		43 758	25 185	47 267	62 334	62 334	62 334	1 020	1 515	1 597
Government - operating	1							143 970	149 678	153 553
Government - capital	1							43 886	39 528	41 363
Interest		2 229	2 809	3 514	4 000	4 500	4 500	9 000	11 016	12 664
Dividends								-	-	-
Payments										
Suppliers and employees		(91 038)	(94 791)	(127 874)	(129 538)	(138 948)	(138 948)	(161 587)	(165 859)	(160 089)
Finance charges		(14)						-	-	-
Transfers and Grants	1							(39 200)	(33 373)	(39 555)
NET CASH FROM/(USED) OPERATING ACTIVITIES		68 422	40 057	35 641	77 520	83 583	83 583	39 445	48 411	58 787
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		238	738					-	-	-
Decrease (Increase) in non-current debtors								-	-	-
Decrease (increase) other non-current receivables								-	-	-
Decrease (increase) in non-current investments		27 288		(484)				-	-	-
Payments										
Capital assets		(68 452)	(30 511)	(47 775)	(90 780)	(84 691)	(84 691)	(82 988)	(79 367)	(70 475)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(40 926)	(29 773)	(48 259)	(90 780)	(84 691)	(84 691)	(82 988)	(79 367)	(70 475)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		54		50				-	-	-
Borrowing long term/refinancing								-	-	-
Increase (decrease) in consumer deposits								-	-	-
Payments										
Repayment of borrowing		(134)						-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(80)	-	50	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		27 416	10 284	(12 568)	(13 260)	(1 108)	(1 108)	(43 543)	(30 956)	(11 688)
Cash/cash equivalents at the year begin:	2	35 775	63 190	73 474	60 905	60 905	60 905	60 905	17 363	(13 594)
Cash/cash equivalents at the year end:	2	63 191	73 474	60 905	47 646	59 798	59 798	17 363	(13 594)	(25 281)

The above table shows that cash and cash equivalents of the Municipality were slowly increased between the 2011/12 and 2014/15 financial year moving from a positive cash balance of R39.4million to a surplus of R60.9 million with the approved 2014/15 MTREF. With the 2014/15 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality and it is projected that cash and cash equivalents on hand will increase to R17.4 million by the financial year end. For the 2015/16 MTREF the budget has been prepared to ensure high

levels of cash and cash equivalents over the medium-term with cash levels anticipated to reduce to R13.6 million by 2015/16 and steadily increase to R25.3 million by 2016/17.

2.9.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

What are the predicted cash and investments that are available at the end of the budget year?

How are those funds used?

What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end	1	63 191	73 474	60 905	47 646	59 798	59 798	59 798	17 363	(13 594)	(25 281)
Other current investments > 90 days		(2)	0	—	18 878	6 726	6 726	6 726	50 736	63 594	65 281
Non current assets - Investments	1	—	—	—	—	—	—	—	—	—	—
Cash and investments available:		63 190	73 474	60 905	66 524	66 524	66 524	66 524	68 099	50 000	40 000
<u>Application of cash and investments</u>											
Unspent conditional transfers		10 437	11 133	15 297	3 000	3 000	3 000	3 000	—	—	—
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	10 220	9 731	10 986	10 000	10 000	10 000	10 000	13 000	13 000	13 000
Other working capital requirements	3	7 582	(15 116)	(2 453)	(19 751)	(19 380)	(19 380)	(19 380)	(15 466)	(29 240)	(23 368)
Other provisions		2 300	2 426	2 426	3 457	3 457	3 457	3 457	4 488	5 000	6 000
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	15 523	20 931	24 693	12 280	12 280	12 280	12 280	9 300	9 800	10 800
Total Application of cash and investments:		46 062	29 105	50 950	8 986	9 357	9 357	9 357	11 322	(1 440)	6 432
Surplus(shortfall)		17 128	44 369	9 956	57 538	57 167	57 167	57 167	56 777	51 440	33 568

From the above table it can be seen that the cash and investments available total R56.8 million in the 2015/16 financial year and comes to R51.4 million by 2015/16, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions.

Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2014/15 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants.

There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.

Provisions for statutory requirements include VAT owing to timing differences resulting from year-end obligations. The liability in this regard totaled (R28.5 million) for the 2015/16 financial year.

The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, as was experienced by the Municipality in 2014/15 resulting in cash flow challenges. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

Against other provisions an amount R13 million has been provided for the 2015/16 financial year. This liability is informed by, amongst others, the supplementary pension liability.

Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. It needs to be noted that for all practical purposes the 2014/15 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2015/16 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

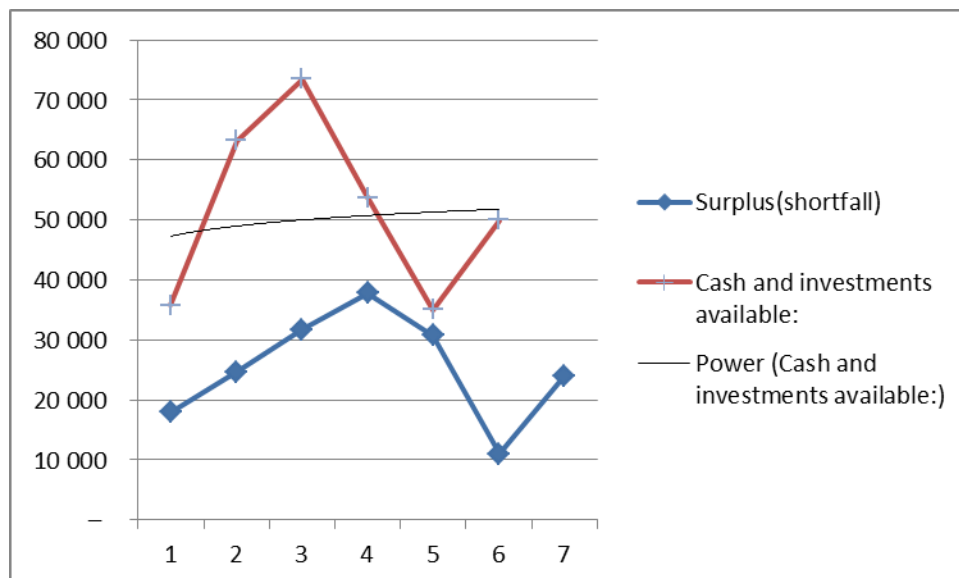


Figure 6 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.9.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 36 MBRR SA10 – Funding compliance measurement

KZN291 Mandeni Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	63 191	73 474	60 905	47 646	59 798	59 798	59 798	17 363	(13 594)	(25 281)
Cash + investments at the yr end less applications - R'000	18(1)b	2	17 128	44 369	8 928	57 538	57 167	57 167	57 167	56 777	51 440	33 568
Cash year end/monthly employee/supplier payments	18(1)b	3	10.2	11.0	6.5	4.9	5.9	5.9	5.9	1.6	(1.2)	(2.1)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	63 881	33 466	12 565	62 334	53 808	53 808	53 808	43 955	46 951	43 873
Service charge rev. % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	42.9%	(14.8%)	(4.5%)	1.8%	(6.0%)	(6.0%)	(18.4%)	(0.6%)	(0.6%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	87.6%	63.7%	74.2%	82.6%	81.5%	81.5%	81.5%	46.9%	47.7%	48.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	8.2%	12.8%	35.1%	6.3%	5.8%	5.8%	5.8%	6.6%	6.6%	6.6%
Capital payments % of capital expenditure	18(1)c:19	8	148.8%	(4615.2%)	13270.9%	100.3%	108.7%	108.7%	108.7%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								1160.3%	1108.8%	1083.7%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(874.9%)	(66.4%)	169.0%	0.0%	0.0%	0.0%	48.5%	59.2%	(14.1%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	7.2%	6.1%	7.7%	8.4%	8.6%	8.6%	9.9%	9.5%	8.9%	7.9%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	4.2%	7.3%	7.3%	0.0%	28.2%	22.4%	24.8%

KZN291 Mandeni Supporting Table SA10 Funding measurement

Annex 2: Financial Supporting Table 2014/15 and Measurement												
Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Supporting Indicators												
% incr <i>total service charges (incl prop rates)</i>	18(1)a			48.9%	(8.8%)	1.5%	7.8%	0.0%	0.0%	(12.4%)	5.4%	5.4%
% incr Property Tax	18(1)a			81.9%	(14.8%)	(3.7%)	12.6%	0.0%	0.0%	(25.0%)	5.4%	5.4%
% incr Service charges - electricity revenue	18(1)a			4.6%	4.5%	11.4%	0.0%	0.0%	0.0%	12.7%	5.4%	5.4%
% incr Service charges - water revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - sanitation revenue	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - refuse revenue	18(1)a			6.2%	6.4%	10.1%	0.0%	0.0%	0.0%	6.0%	5.4%	5.4%
% incr in Service charges - other	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		37 407	55 678	50 818	51 481	55 481	55 481	55 481	48 615	51 240	54 007
Service charges			37 203	55 408	50 551	51 291	55 291	55 291	55 291	48 425	51 040	53 796
Property rates			21 219	38 607	32 888	31 685	35 685	35 685	35 685	26 770	28 215	29 739
Service charges - electricity revenue			10 720	11 213	11 715	13 056	13 056	13 056	13 056	14 713	15 507	16 344
Service charges - water revenue			-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue			-	-	-	-	-	-	-	-	-	-
Service charges - refuse removal			5 264	5 588	5 948	6 550	6 550	6 550	6 550	6 943	7 318	7 713
Service charges - other			-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			204	270	267	190	190	190	190	190	200	211
Capital expenditure excluding capital grant funding			28 484	(661)	360	28 163	21 673	21 673	21 673	39 102	39 839	29 112
Cash receipts from ratepayers	18(1)a		49 513	38 008	41 834	43 483	57 856	57 856	57 856	26 165	28 841	31 269
Ratepayer & Other revenue	18(1)a		56 541	59 660	56 407	52 656	71 029	71 029	71 029	55 826	60 409	64 724
Change in consumer debtors (current and non-current)			22 797	41 189	(24 214)	20 733	20 733	20 733	20 733	16 000	29 000	(11 000)
Operating and Capital Grant Revenue	18(1)a		115 408	93 022	114 788	159 576	154 087	154 087	154 087	187 856	189 206	194 916
Capital expenditure - total	20(1)(v)i		46 018	(661)	360	90 497	77 918	77 918	77 918	82 988	79 367	70 475
Capital expenditure - renewal	20(1)(v)i		-	-	-	3 820	5 700	5 700		23 404	17 805	17 475
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY										16 190	17 065	17 986
DoRA capital grants total MFY												
Provincial operating grants												
Provincial capital grants												
District Municipality grants												
Total gazetted/adv ised national, provincial and district grants										16 190	17 065	17 986
Average annual collection rate (arrears inclusive)												
DoRA operating												
List operating grants										143 970	149 678	153 553
										143 970	149 678	153 553
DoRA capital												
List capital grants										43 886	39 528	41 363
										43 886	39 528	41 363

KZN291 Mandeni Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Total Operating Revenue			156 697	155 491	174 758	152 398	171 871	171 871	171 871	202 796	213 249	221 610
Total Operating Expenditure			110 350	122 025	162 193	152 398	174 308	174 308	174 308	202 727	205 826	219 100
Operating Performance Surplus/(Deficit)			46 347	33 466	12 565	0	(2 437)	(2 437)	(2 437)	69	7 423	2 510
Cash and Cash Equivalents (30 June 2012)										17 363		
Revenue												
% Increase in Total Operating Revenue				(0.8%)	12.4%	(12.8%)	12.8%	0.0%	0.0%	18.0%	5.2%	3.9%
% Increase in Property Rates Revenue				60.4%	(18.1%)	1.0%	0.0%	0.0%	0.0%	(3.3%)	5.4%	5.4%
% Increase in Electricity Revenue				4.6%	4.5%	11.4%	0.0%	0.0%	0.0%	12.7%	5.4%	5.4%
% Increase in Property Rates & Services Charges				48.9%	(8.8%)	1.5%	7.8%	0.0%	0.0%	(12.4%)	5.4%	5.4%
Expenditure												
% Increase in Total Operating Expenditure				10.6%	32.9%	(6.0%)	14.4%	0.0%	0.0%	16.3%	1.5%	6.4%
% Increase in Employee Costs				(4.1%)	38.9%	26.4%	0.0%	0.0%	0.0%	8.6%	5.4%	5.8%
% Increase in Electricity Bulk Purchases				2.3%	9.3%	35.2%	0.0%	0.0%	0.0%	14.2%	5.4%	5.4%
Average Cost Per Budgeted Employee Position (Remuneration)					311054.7072	206012.7465				262397.3224		
Average Cost Per Councillor (Remuneration)					269390.1447	285811.7142				332120.4443		
R&M % of PPE			7.2%	6.1%	7.7%	8.4%	8.6%	8.6%		9.5%	8.9%	7.9%
Asset Renewal and R&M as a % of PPE			7.0%	6.0%	6.0%	11.0%	12.0%	12.0%		18.0%	15.0%	15.0%
Debt Impairment % of Total Billable Revenue			8.2%	12.8%	35.1%	6.3%	5.8%	5.8%	5.8%	6.6%	6.6%	6.6%
Capital Revenue												
Internally Funded & Other (R'000)			12 404	(661)	360	28 163	21 673	21 673	21 673	39 102	39 839	29 112
Borrowing (R'000)			-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)			17 534	-	-	62 334	56 245	56 245	56 245	43 886	39 528	41 363
Internally Generated funds % of Non Grant Funding			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			58.6%	0.0%	0.0%	68.9%	72.2%	72.2%	72.2%	52.9%	49.8%	58.7%
Capital Expenditure												
Total Capital Programme (R'000)			46 018	(661)	360	90 497	77 918	77 918	77 918	82 988	79 367	70 475
Asset Renewal			-	-	-	3 820	5 700	5 700	5 700	23 404	17 805	17 475
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	0.0%	4.2%	7.3%	7.3%	7.3%	28.2%	22.4%	24.8%
Cash												
Cash Receipts % of Rate Payer & Other			87.6%	63.7%	74.2%	82.6%	81.5%	81.5%	81.5%	46.9%	47.7%	48.3%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	(0)	(0)
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Surplus/(Deficit)			17 128	44 369	8 928	57 538	57 167	57 167	57 167	56 777	51 440	33 568
Free Services												
Free Basic Services as a % of Equitable Share			1.3%	1.1%	0.0%	0.8%	0.0%	0.8%		0.6%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)			6.3%	6.0%	0.0%	6.8%	0.0%	5.0%		6.3%	0.0%	0.0%
High Level Outcome of Funding Compliance												
Total Operating Revenue			156 697	155 491	174 758	152 398	171 871	171 871	171 871	202 796	213 249	221 610
Total Operating Expenditure			110 350	122 025	162 193	152 398	174 308	174 308	174 308	202 727	205 826	219 100
Surplus/(Deficit) Budgeted Operating Statement			46 347	33 466	12 565	0	(2 437)	(2 437)	(2 437)	69	7 423	2 510
Surplus/(Deficit) Considering Reserves and Cash Backing			63 475	77 835	21 493	57 538	54 730	54 730	54 730	56 846	58 863	36 078
MTREF Funded (1) / Unfunded (0)		15	1	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✖		15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

2.9.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2015/16 MTREF shows R17.3 million, R13.6 million and R25.3 million for each respective financial year.

2.9.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 20, on page 31. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.9.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. Notably, the ratio has been increasing steadily for the period 2011/12 to 2015/16, moving from 3.4 to 6.0 with the adopted 2014/15 MTREF. As part of the 2015/16 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.1 and then increase slightly to 8.1 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

2.9.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.9.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 6, 0.6 and 0.2 per cent for the respective financial year of the 2015/16 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 11.05 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.9.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 161, 146 and 151 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.9.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 6.4, 6.4 and 6.4 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.9.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that creditors be paid within 30 days.

2.9.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0 per cent of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on page 57.

2.9.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.9.5.11 Consumer debtors change (Current and Non-current)

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

2.9.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 50 MBRR SA34C on page 93.

2.9.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 49 MBRR SA34b on page 93.

2.10 Expenditure on grants and reconciliations of unspent funds

Table 37 MBRR SA19 - Expenditure on transfers and grant programmes

KZN291 Mandeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		59 056	67 608	77 829	94 794	94 794	94 794	133 856	141 246	144 666
Local Government Equitable Share		57 058	65 009	74 289	90 414	90 414	90 414	119 361	123 461	123 733
Finance Management		1 265	1 500	1 650	1 800	1 800	1 800	1 800	1 825	1 900
Municipal Systems Improvement		733	800	890	934	934	934	940	960	1 033
EPWP Incentive		-	299	1 000	1 646	1 646	1 646	1 755	-	-
Integrated National Electrification Programme		-	-	-	-	-	-	10 000	15 000	18 000
Other transfers/grants [Sports & Recreation]										
Provincial Government:		38 818	25 415	36 959	2 448	3 048	3 048	10 114	8 432	8 887
Community Participation IDP (Prov.)		-	-	200	-	-	-	-	-	-
Joint Project Funding (Prov.)		-	-	-	-	-	-	8 000	8 432	8 887
Provincialization of Libraries		563	563	1 207	1 420	1 420	1 420	1 454	-	-
Recapitalisation- Community Library		-	-	-	378	378	378	510	-	-
Other transfers/grants [Sports & Recreation]		38 255	24 852	35 553	650	1 250	1 250	150	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		97 874	93 022	114 788	97 242	97 842	97 842	143 970	149 678	153 553
Capital expenditure of Transfers and Grants										
National Government:		17 534	-	-	62 334	56 245	56 245	43 886	39 528	41 363
Municipal Infrastructure Grant (MIG)		17 534	-	-	32 957	32 957	32 957	34 263	34 556	35 993
Neighbourhood Development Partnership		-	-	-	20 377	14 288	14 288	9 623	4 972	5 370
INEP		-	-	-	9 000	9 000	9 000	-	-	-
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Small towns rehabilitation										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		17 534	-	-	62 334	56 245	56 245	43 886	39 528	41 363
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		115 408	93 022	114 788	159 576	154 087	154 087	187 856	189 206	194 916

Table 38 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN291 Mandeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		59 056	67 608	77 829	94 794	94 794	94 794	133 856	141 246	144 666
Conditions met - transferred to revenue		59 056	67 608	77 829	94 794	94 794	94 794	133 856	141 246	144 666
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		38 818	25 415	36 959	2 448	3 048	3 048	10 114	8 432	8 887
Conditions met - transferred to revenue		38 818	25 415	36 959	2 448	3 048	3 048	10 114	8 432	8 887
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		97 874	93 022	114 788	97 242	97 842	97 842	143 970	149 678	153 553
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		17 534	-	-	62 334	56 245	56 245	43 886	39 528	41 363
Conditions met - transferred to revenue		17 534	-	-	62 334	56 245	56 245	43 886	39 528	41 363
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		17 534	-	-	62 334	56 245	56 245	43 886	39 528	41 363
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		115 408	93 022	114 788	159 576	154 087	154 087	187 856	189 206	194 916
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	-	-	-

References

2.11 Councilors and employee benefits

Table 39 MBRR SA22 - Summary of councilor and staff benefits

KZN291 Mandeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages	1	5 663	5 928	6 767	6 386	6 386	6 386	7 960	8 390	8 877
Pension and UIF Contributions										
Medical Aid Contributions		–	–	–	692	692	692	692	729	771
Motor Vehicle Allowance		1 276	1 372	1 329	1 200	1 200	1 200	1 200	1 264	1 338
Cellphone Allowance		404	430	671	745	745	745	745	785	831
Housing Allowances		179	298	393	695	695	695	695	733	776
Other benefits and allowances										
Sub Total - Councillors		7 523	8 029	9 159	9 718	9 718	9 718	11 292	11 902	12 592
% increase	4		6.7%	14.1%	6.1%	–	–	16.2%	5.4%	5.8%
Senior Managers of the Municipality										
Basic Salaries and Wages	2	–	2 248	–	4 328	4 328	4 328	4 622	4 872	5 154
Pension and UIF Contributions		–	–	–	365	365	365	368	387	410
Medical Aid Contributions		–	39	–	160	160	160	160	169	179
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	352	352	352	699	737	780
Motor Vehicle Allowance	3	–	216	–	933	933	933	933	984	1 041
Cellphone Allowance	3	–	–	–	80	80	80	80	85	90
Housing Allowances	3	–	685	–	88	88	88	88	92	98
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		–	3 188	–	6 306	6 306	6 306	6 951	7 326	7 751
% increase	4		–	(100.0%)	–	–	–	10.2%	5.4%	5.8%
Other Municipal Staff										
Basic Salaries and Wages		17 728	20 605	29 688	41 126	41 126	41 126	43 974	46 349	49 037
Pension and UIF Contributions		3 113	3 649	4 957	2 980	2 980	2 980	3 147	3 317	3 509
Medical Aid Contributions		1 649	1 733	2 076	1 590	1 590	1 590	1 628	1 716	1 816
Overtime		751	856	706	153	153	153	229	241	255
Performance Bonus										
Motor Vehicle Allowance	3	2 064	730	1 417	3 231	3 231	3 231	4 069	4 288	4 537
Cellphone Allowance	3	190	139	271	188	188	188	236	248	263
Housing Allowances	3	137	18	23	254	254	254	381	402	425
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		25 632	27 730	39 138	49 523	49 523	49 523	53 663	56 561	59 842
% increase	4		8.2%	41.1%	26.5%	–	–	8.4%	5.4%	5.8%
Total Parent Municipality		33 154	38 947	48 297	65 547	65 547	65 547	71 906	75 789	80 185
			17.5%	24.0%	35.7%	–	–	9.7%	5.4%	5.8%

KZN291 Mandeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

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Table 41 MBRR SA24 – Summary of personnel numbers

KZN291 Mandeni - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2013/14			Current Year 2014/15			Budget Year 2015/16		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		34	34		34	34		34	3	31
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	4	4		5	4		6	–	6
Other Managers	7	7	7		11	7		15	15	
Professionals		5	5	–	29	13	–	41	35	6
<i>Finance</i>					5	3		27	22	5
<i>Spatial/town planning</i>					3	2				1
<i>Information Technology</i>								4	3	
<i>Roads</i>					1	1		2	2	
<i>Electricity</i>					1	1		1	1	
<i>Water</i>								1	1	
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		5	5		19	6		6	6	
Technicians		6	6	–	31	21	–	20	20	–
<i>Finance</i>					10	6				
<i>Spatial/town planning</i>								16	16	
<i>Information Technology</i>										
<i>Roads</i>										
<i>Electricity</i>					2	1		4	4	
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>		6	6		19	14				
Clerks (Clerical and administrative)		34	34		63	39		24	24	
Service and sales workers		25	25		46	29		39	39	
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		48	48		21	21		21	21	
Elementary Occupations		13	13		65	65		65	65	
TOTAL PERSONNEL NUMBERS	9	176	176	–	305	233	–	265	222	43
% increase					73.3%	32.4%	–	(13.1%)	(4.7%)	–

2.12 Monthly targets for revenue, expenditure and cash flow

Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure

KZN291 Mandeni - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Revenue By Source																
Property rates			2 677	2 677	2 677	2 677	2 677	2 677	2 677	2 677	2 677	2 677	–	26 770	28 215	29 739
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue		1 226	1 226	1 226	1 226	1 226	1 226	1 226	1 226	1 226	1 226	1 226	1 226	14 713	15 507	16 344
Service charges - water revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue		579	579	579	579	579	579	579	579	579	579	579	579	6 943	7 318	7 713
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		16	16	16	16	16	16	16	16	16	16	16	16	190	200	211
Interest earned - external investments		250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 162	3 333
Interest earned - outstanding debtors		500	500	500	500	500	500	500	500	500	500	500	500	6 000	7 854	9 331
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines		42	42	42	42	42	42	42	42	42	42	42	42	505	532	561
Licences and permits		25	25	25	25	25	25	25	25	25	25	25	25	300	316	333
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	11 998	143 970	149 678	153 553
Other revenue		34	34	34	34	34	34	34	34	34	34	34	34	405	466	491
Gains on disposal of PPE													–	–	–	–
Total Revenue (excluding capital transfers and contributions)		14 669	17 346	17 346	17 346	17 346	17 346	17 346	17 346	17 346	17 346	17 346	14 669	202 796	213 249	221 610
Expenditure By Type																
Employee related costs		5 051	5 051	5 051	5 051	5 051	5 051	5 051	5 051	5 051	5 051	5 051	5 051	60 614	63 887	67 592
Remuneration of councillors		941	941	941	941	941	941	941	941	941	941	941	941	11 292	11 902	12 592
Debt impairment		268	268	268	268	268	268	268	268	268	268	268	268	3 218	3 392	3 575
Depreciation & asset impairment		1 583	1 583	1 583	1 583	1 583	1 583	1 583	1 583	1 583	1 583	1 583	1 583	19 000	20 603	21 710
Finance charges		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bulk purchases		1 046	1 046	1 046	1 046	1 046	1 046	1 046	1 046	1 046	1 046	1 046	1 046	12 556	13 234	13 949
Other materials		1 565	1 565	1 565	1 565	1 565	1 565	1 565	1 565	1 565	1 565	1 565	1 565	18 780	19 794	20 863
Contracted services		1 351	1 351	1 351	1 351	1 351	1 351	1 351	1 351	1 351	1 351	1 351	1 351	16 210	15 869	16 532
Transfers and grants		1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	19 600	16 686	19 777
Other expenditure		3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	41 456	40 458	42 509
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		16 894	16 894	16 894	16 894	16 894	16 894	16 894	16 894	16 894	16 894	16 894	16 894	202 727	205 826	219 100
Surplus/(Deficit)		(2 225)	452	452	452	452	452	452	452	452	452	452	(2 225)	69	7 423	2 510
Transfers recognised - capital		3 657											40 229	43 886	39 528	41 363
Contributions recognised - capital													–	–	–	–
Contributed assets													–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		1 432	452	452	452	452	452	452	452	452	452	452	38 004	43 955	46 951	43 873
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	1 432	452	452	452	452	452	452	452	452	452	452	38 004	43 955	46 951	43 873

Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

KZN291 Mandeni - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Revenue by Vote																
Vote 1 - Executive and Council		512	512	512	512	512	512	512	512	512	512	512	512	6 140	6 422	6 708
Vote 2 - Budget and Terasury		12 090	12 090	12 090	12 090	12 090	12 090	12 090	12 090	12 090	12 090	12 090	12 090	145 086	149 160	150 472
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		182	182	182	182	182	182	182	182	182	182	182	182	2 179	69	72
Vote 5 - Sport and Recreation		1	1	1	1	1	1	1	1	1	1	1	1	12	13	13
Vote 6 - Public Safety		74	74	74	74	74	74	74	74	74	74	74	74	893	942	992
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		25	25	25	25	25	25	25	25	25	25	25	25	300	316	333
Vote 10 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		995	995	995	995	995	995	995	995	995	995	995	995	11 943	13 318	14 713
Vote 13 - Electricity		3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	36 243	43 010	48 306
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		16 900	16 900	16 900	16 900	16 900	16 900	16 900	16 900	16 900	16 900	16 900	16 900	202 796	213 249	221 610
Expenditure by Vote to be appropriated																
Vote 1 - Executive and Council		2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	35 617	37 477	39 574
Vote 2 - Budget and Terasury		3 210	3 210	3 210	3 210	3 210	3 210	3 210	3 210	3 210	3 210	3 210	3 210	38 515	42 018	45 508
Vote 3 - Corporate Services		1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	16 051	16 918	17 866
Vote 4 - Community and Social Services		759	759	759	759	759	759	759	759	759	759	759	759	9 103	9 594	10 144
Vote 5 - Sport and Recreation		63	63	63	63	63	63	63	63	63	63	63	63	760	802	847
Vote 6 - Public Safety		1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	16 633	16 315	17 032
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		2 171	2 171	2 171	2 171	2 171	2 171	2 171	2 171	2 171	2 171	2 171	2 171	26 048	24 608	25 989
Vote 10 - Environmental Protection		550	550	550	550	550	550	550	550	550	550	550	550	6 598	6 954	7 341
Vote 11 - Road transport		1 114	1 114	1 114	1 114	1 114	1 114	1 114	1 114	1 114	1 114	1 114	1 114	13 364	12 911	12 307
Vote 12 - Waste Management		421	421	421	421	421	421	421	421	421	421	421	421	5 048	5 321	5 612
Vote 13 - Electricity		2 916	2 916	2 916	2 916	2 916	2 916	2 916	2 916	2 916	2 916	2 916	2 916	34 990	32 907	36 881
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		16 894	16 894	16 894	16 894	16 894	16 894	16 894	16 894	16 894	16 894	16 894	16 894	202 727	205 826	219 100
Surplus/(Deficit) before assoc.																
Taxation														-	-	-
Attributable to minorities														-	-	-
Share of surplus/ (deficit) of associate														-	-	-
Surplus/(Deficit)	1	6	6	6	6	6	6	6	6	6	6	6	6	69	7 423	2 510

Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN291 Mandeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Revenue - Standard																
<i>Governance and administration</i>		12 602	12 602	12 602	12 602	12 602	12 602	12 602	12 602	12 602	12 602	12 602	12 602	151 226	155 582	157 180
Executive and council		512	512	512	512	512	512	512	512	512	512	512	512	6 140	6 422	6 708
Budget and treasury office		12 090	12 090	12 090	12 090	12 090	12 090	12 090	12 090	12 090	12 090	12 090	12 090	145 086	149 160	150 472
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		257	257	257	257	257	257	257	257	257	257	257	257	3 084	1 023	1 078
Community and social services		182	182	182	182	182	182	182	182	182	182	182	182	2 179	69	72
Sport and recreation		1	1	1	1	1	1	1	1	1	1	1	1	12	13	13
Public safety		74	74	74	74	74	74	74	74	74	74	74	74	893	942	992
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		25	25	25	25	25	25	25	25	25	25	25	25	300	316	333
Planning and development		25	25	25	25	25	25	25	25	25	25	25	25	300	316	333
Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		4 015	4 015	4 015	4 015	4 015	4 015	4 015	4 015	4 015	4 015	4 015	4 015	48 186	56 328	63 019
Electricity		3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	3 020	36 243	43 010	48 306
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		995	995	995	995	995	995	995	995	995	995	995	995	11 943	13 318	14 713
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue - Standard		16 900	16 900	16 900	16 900	16 900	16 900	16 900	16 900	16 900	16 900	16 900	16 900	202 796	213 249	221 610
Expenditure - Standard																
<i>Governance and administration</i>		7 515	7 515	7 515	7 515	7 515	7 515	7 515	7 515	7 515	7 515	7 515	7 515	90 183	96 414	102 948
Executive and council		2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	2 968	35 617	37 477	39 574
Budget and treasury office		3 210	3 210	3 210	3 210	3 210	3 210	3 210	3 210	3 210	3 210	3 210	3 210	38 515	42 018	45 508
Corporate services		1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	1 338	16 051	16 918	17 866
<i>Community and public safety</i>		2 208	2 208	2 208	2 208	2 208	2 208	2 208	2 208	2 208	2 208	2 208	2 208	26 497	26 711	28 023
Community and social services		759	759	759	759	759	759	759	759	759	759	759	759	9 103	9 594	10 144
Sport and recreation		63	63	63	63	63	63	63	63	63	63	63	63	760	802	847
Public safety		1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	1 386	16 633	16 315	17 032
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		3 834	3 834	3 834	3 834	3 834	3 834	3 834	3 834	3 834	3 834	3 834	3 834	46 009	44 473	45 637
Planning and development		2 171	2 171	2 171	2 171	2 171	2 171	2 171	2 171	2 171	2 171	2 171	2 171	26 048	24 608	25 989
Road transport		1 114	1 114	1 114	1 114	1 114	1 114	1 114	1 114	1 114	1 114	1 114	1 114	13 364	12 911	12 307
Environmental protection		550	550	550	550	550	550	550	550	550	550	550	550	6 598	6 954	7 341
<i>Trading services</i>		3 336	3 336	3 336	3 336	3 336	3 336	3 336	3 336	3 336	3 336	3 336	3 336	40 038	38 228	42 493
Electricity		2 916	2 916	2 916	2 916	2 916	2 916	2 916	2 916	2 916	2 916	2 916	2 916	34 990	32 907	36 881
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		421	421	421	421	421	421	421	421	421	421	421	421	5 048	5 321	5 612
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard		16 894	16 894	16 894	16 894	16 894	16 894	16 894	16 894	16 894	16 894	16 894	16 894	202 727	205 826	219 100
Surplus/(Deficit) before assoc.		6	6	6	6	6	6	6	6	6	6	6	6	69	7 423	2 510
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	6	6	6	6	6	6	6	6	6	6	6	6	69	7 423	2 510

Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN291 Mandeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Terasury		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Road transport		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - Waste Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Vote 1 - Executive and Council		7	7	7	7	7	7	7	7	7	7	7	7	83	-	-
Vote 2 - Budget and Terasury		11	11	11	11	11	11	11	11	11	11	11	11	137	-	-
Vote 3 - Corporate Services		90	90	90	90	90	90	90	90	90	90	90	90	1 080	-	-
Vote 4 - Community and Social Services		411	411	411	411	411	411	411	411	411	411	411	411	4 929	2 706	2 112
Vote 5 - Sport and Recreation		129	129	129	129	129	129	129	129	129	129	129	129	1 544	3 200	5 000
Vote 6 - Public Safety		44	44	44	44	44	44	44	44	44	44	44	44	529	-	10 000
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		2 202	2 202	2 202	2 202	2 202	2 202	2 202	2 202	2 202	2 202	2 202	2 202	26 423	26 972	5 370
Vote 10 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - Road transport		3 772	3 772	3 772	3 772	3 772	3 772	3 772	3 772	3 772	3 772	3 772	3 772	45 263	46 489	47 993
Vote 12 - Waste Management		125	125	125	125	125	125	125	125	125	125	125	125	1 500	-	-
Vote 13 - Electricity		125	125	125	125	125	125	125	125	125	125	125	125	1 500	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	2	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	82 988	79 367	70 475
Total Capital Expenditure	2	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	82 988	79 367	70 475

Table 46 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN291 Mandeni - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description	Ref	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital Expenditure - Standard	1															
<i>Governance and administration</i>		108	108	108	108	108	108	108	108	108	108	108	108	1 300	-	-
Executive and council		7	7	7	7	7	7	7	7	7	7	7	7	83	-	-
Budget and treasury office		11	11	11	11	11	11	11	11	11	11	11	11	137	-	-
Corporate services		90	90	90	90	90	90	90	90	90	90	90	90	1 080	-	-
<i>Community and public safety</i>		584	584	584	584	584	584	584	584	584	584	584	584	7 002	5 906	17 112
Community and social services		411	411	411	411	411	411	411	411	411	411	411	411	4 929	2 706	2 112
Sport and recreation		129	129	129	129	129	129	129	129	129	129	129	129	1 544	3 200	5 000
Public safety		44	44	44	44	44	44	44	44	44	44	44	44	529	-	10 000
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		5 974	5 974	5 974	5 974	5 974	5 974	5 974	5 974	5 974	5 974	5 974	5 974	71 686	73 461	53 363
Planning and development		2 202	2 202	2 202	2 202	2 202	2 202	2 202	2 202	2 202	2 202	2 202	2 202	26 423	26 972	5 370
Road transport		3 772	3 772	3 772	3 772	3 772	3 772	3 772	3 772	3 772	3 772	3 772	3 772	45 263	46 489	47 993
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		250	250	250	250	250	250	250	250	250	250	250	250	3 000	-	-
Electricity		125	125	125	125	125	125	125	125	125	125	125	125	1 500	-	-
Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		125	125	125	125	125	125	125	125	125	125	125	125	1 500	-	-
<i>Other</i>														-	-	-
Total Capital Expenditure - Standard	2	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	82 988	79 367	70 475
Funded by:																
National Government													43 886	43 886	39 528	41 363
Provincial Government													-	-	-	-
District Municipality													-	-	-	-
Other transfers and grants													-	-	-	-
Transfers recognised - capital		-	-	-	-	-	-	-	-	-	-	-	43 886	43 886	39 528	41 363
Public contributions & donations													-	-	-	-
Borrowing													-	-	-	-
Internally generated funds													39 102	39 102	39 839	29 112
Total Capital Funding		-	-	-	-	-	-	-	-	-	-	-	82 988	82 988	79 367	70 475

Table 47 MBRR SA30 - Budgeted monthly cash flow

KZN291 Mandeni - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2015/16												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Receipts By Source														1		
Property rates			2 286	2 286	2 286	2 286	2 286	2 286	2 286	2 286	2 286	2 286	–	22 862	24 097	25 398
Property rates - penalties & collection charges	275	275	275	275	275	275	275	275	275	275	275	275	275	3 303	4 745	5 871
Service charges - electricity revenue	898	898	898	898	898	898	898	898	898	898	898	898	898	10 781	11 364	11 977
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	451	451	451	451	451	451	451	451	451	451	451	451	451	5 409	5 701	6 009
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(16)	(190)	200	211
Interest earned - external investments	250	250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 162	3 333
Interest earned - outstanding debtors	500	500	500	500	500	500	500	500	500	500	500	500	500	6 000	7 854	9 331
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines	42	42	42	42	42	42	42	42	42	42	42	42	42	505	532	561
Licences and permits	25	25	25	25	25	25	25	25	25	25	25	25	25	300	316	333
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfer receipts - operational	51 587	5 299	2 000	2 000	43 287					39 797				143 970	149 678	153 553
Other revenue	34	34	34	34	34	34	34	34	34	34	34	34	34	405	466	491
Cash Receipts by Source	54 046	10 045	6 746	6 746	48 033	4 746	4 746	4 746	4 746	44 543	4 746	4 746	2 459	196 346	208 114	217 068
Other Cash Flows by Source																
Transfer receipts - capital	11 421		9 623			11 421				11 421			–	43 886	39 528	41 363
Contributions recognised - capital & Contributed a	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on disposal of PPE													–			
Short term loans													–			
Borrowing long term/refinancing													–			
Increase (decrease) in consumer deposits													–			
Decrease (Increase) in non-current debtors													–			
Decrease (increase) other non-current receivables													–			
Decrease (increase) in non-current investments													–			
Total Cash Receipts by Source	65 467	10 045	16 369	6 746	59 454	4 746	4 746	4 746	4 746	55 964	4 746	4 746	2 459	240 232	247 642	258 431
Cash Payments by Type																
Employee related costs	5 051	5 051	5 051	5 051	5 051	5 051	5 051	5 051	5 051	5 051	5 051	5 051	5 051	60 614	63 887	67 592
Remuneration of councillors	941	941	941	941	941	941	941	941	941	941	941	941	941	11 292	11 902	12 592
Finance charges	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Bulk purchases - Electricity	1 103	1 103	1 103	1 103	1 103	1 103	1 103	1 103	1 103	1 103	1 103	1 103	1 103	13 234	13 949	–
Bulk purchases - Water & Sewer	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials	1 565	1 565	1 565	1 565	1 565	1 565	1 565	1 565	1 565	1 565	1 565	1 565	1 565	18 780	19 794	20 863
Contracted services	1 351	1 351	1 351	1 351	1 351	1 351	1 351	1 351	1 351	1 351	1 351	1 351	1 351	16 210	15 869	16 532
Transfers and grants - other municipalities	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	19 600	16 686	19 777
Transfers and grants - other	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	1 633	19 600	16 686	19 777
Other expenditure	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	3 455	41 456	40 458	42 509
Cash Payments by Type	16 732	16 732	16 732	16 732	16 732	16 732	16 732	16 732	16 732	16 732	16 732	16 732	16 732	200 787	199 232	199 644
Other Cash Flows/Payments by Type																
Capital assets	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	6 916	82 988	79 367	70 475
Repayment of borrowing													–			
Other Cash Flows/Payments													–			
Total Cash Payments by Type	23 648	23 648	23 648	23 648	23 648	23 648	23 648	23 648	23 648	23 648	23 648	23 648	23 648	283 775	278 599	270 119
NET INCREASE/(DECREASE) IN CASH HELD	41 820	(13 603)	(7 279)	(16 902)	35 806	(18 902)	(18 902)	(18 902)	(18 902)	32 316	(18 902)	(18 902)	(21 188)	(43 543)	(30 956)	(11 688)
Cash/cash equivalents at the month/year begin:	60 905	102 725	89 122	81 843	64 940	100 746	81 844	62 942	44 040	76 355	57 453	38 551	60 905	60 905	17 363	(13 594)
Cash/cash equivalents at the month/year end:	102 725	89 122	81 843	64 940	100 746	81 844	62 942	44 040	76 355	57 453	38 551	17 363	17 363	17 363	(13 594)	(25 281)

2.13 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.14 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 48 MBRR SA 34a - Capital expenditure on new assets by asset class

KZN291 Mandeni - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		29 224	27 598	42 170	62 334	56 245	56 245	34 263	34 556	35 993
Infrastructure - Road transport		29 224	27 390	42 164	53 334	47 245	47 245	34 263	34 556	35 993
Roads, Pavements & Bridges		29 224	25 312	39 831	53 334	47 245	47 245	34 263	34 556	35 993
Storm water		—	2 079	2 334	—	—	—	—	—	—
Infrastructure - Electricity		—	208	6	9 000	9 000	9 000	—	—	—
Generation		—	—	—	—	—	—	—	—	—
Transmission & Reticulation		—	—	—	9 000	9 000	9 000	—	—	—
Street Lighting		—	208	6	—	—	—	—	—	—
Infrastructure - Water		—	—	—	—	—	—	—	—	—
Dams & Reservoirs		—	—	—	—	—	—	—	—	—
Water purification		—	—	—	—	—	—	—	—	—
Reticulation		—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation		—	—	—	—	—	—	—	—	—
Reticulation		—	—	—	—	—	—	—	—	—
Sewerage purification		—	—	—	—	—	—	—	—	—
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Waste Management		—	—	—	—	—	—	—	—	—
Transportation	2	—	—	—	—	—	—	—	—	—
Gas		—	—	—	—	—	—	—	—	—
Other	3	—	—	—	—	—	—	—	—	—
Community		11 478	299	822	2 750	1 000	1 000	3 574	5 000	7 000
Parks & gardens		—	—	—	—	—	—	—	—	—
Sportsfields & stadia		590	—	—	750	500	500	—	—	—
Swimming pools		—	—	—	—	—	—	1 174	3 000	5 000
Community halls		10 887	299	822	—	—	—	—	—	—
Libraries		—	—	—	—	—	—	—	—	—
Recreational facilities		—	—	—	—	—	—	400	—	—
Fire, safety & emergency		—	—	—	—	—	—	—	—	—
Security and policing		—	—	—	—	—	—	—	—	—
Buses	7	—	—	—	—	—	—	—	—	—
Clinics		—	—	—	—	—	—	—	—	—
Museums & Art Galleries		—	—	—	—	—	—	—	—	—
Cemeteries		—	—	—	2 000	500	500	2 000	2 000	2 000
Social rental housing	8	—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Buildings		—	—	—	—	—	—	—	—	—
Other	9	—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Housing development		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—	—	—
Other assets		714	2 491	5 633	18 593	11 873	11 873	21 747	22 006	10 007
General vehicles	10	—	—	—	500	550	550	529	—	—
Specialised vehicles		—	—	—	—	—	—	—	—	—
Plant & equipment		16	518	591	2 500	2 300	2 300	1 500	—	—
Computers - hardware/equipment		229	383	1 096	146	146	146	837	—	—
Furniture and other office equipment		154	479	1 140	3 397	3 877	3 877	2 681	6	7
Abattoirs		—	—	—	—	—	—	—	—	—
Markets		—	—	—	—	—	—	—	—	—
Civic Land and Buildings		314	—	—	12 000	5 000	5 000	16 200	22 000	—
Other Buildings		—	1 084	2 773	—	—	—	—	—	10 000
Other Land		—	—	—	—	—	—	—	—	—
Surplus Assets - (Investment or Inventory)		—	—	—	—	—	—	—	—	—
Other		—	28	33	50	—	—	—	—	—
Agricultural assets		—	—	—	—	—	—	—	—	—
List sub-class		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
List sub-class		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
Computers - software & programming		—	—	—	—	—	—	—	—	—
Other (list sub-class)		—	—	—	—	—	—	—	—	—
Total Capital Expenditure on new assets	1	41 416	30 388	48 626	83 677	69 118	69 118	59 584	61 562	53 000
Specialised vehicles		—	—	—	—	—	—	—	—	—
Refuse		—	—	—	—	—	—	—	—	—
Fire		—	—	—	—	—	—	—	—	—
Conservancy		—	—	—	—	—	—	—	—	—
Ambulances		—	—	—	—	—	—	—	—	—

Table 49 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

KZN291 Mandeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

KZN297 Mandeni - Supporting Table SA346 Capital expenditure on the renewal of existing assets by asset class										
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	3 500	5 380	5 380	22 123	16 905	17 370
Infrastructure - Road transport		-	-	-	3 000	3 000	3 000	20 623	16 905	17 370
Roads, Pavements & Bridges		-	-	-	3 000	3 000	3 000	20 623	16 905	17 370
Storm water		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	500	2 380	2 380	1 500	-	-
Generation		-	-	-	-	-	-	-	-	-
Transmission & Reticulation		-	-	-	500	2 380	2 380	1 000	-	-
Street Lighting		-	-	-	-	-	-	500	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs		-	-	-	-	-	-	-	-	-
Water purification		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation		-	-	-	-	-	-	-	-	-
Sewerage purification		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management		-	-	-	-	-	-	-	-	-
Transportation	2	-	-	-	-	-	-	-	-	-
Gas		-	-	-	-	-	-	-	-	-
Other	3	-	-	-	-	-	-	-	-	-
Community		-	-	-	200	200	200	1 131	900	105
Parks & gardens		-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	-	370	200	-
Swimming pools		-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	200	200	200	761	700	105
Recreational facilities		-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-
Buses	7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	120	120	120	150	-	-
General vehicles		-	-	-	-	-	-	-	-	-
Specialised vehicles		-	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	-	-	-	-
Computers - hardware/equipment		-	-	-	80	80	80	-	-	-
Furniture and other office equipment		-	-	-	40	40	40	150	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Civic Land and Buildings		-	-	-	-	-	-	-	-	-
Other Buildings		-	-	-	-	-	-	-	-	-
Other Land		-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming		-	-	-	-	-	-	-	-	-
Other (list sub-class)		-	-	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing	1	-	-	-	3 820	5 700	5 700	23 404	17 805	17 475
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Fire		-	-	-	-	-	-	-	-	-
Conservancy		-	-	-	-	-	-	-	-	-
Ambulances		-	-	-	-	-	-	-	-	-
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	4.4%	7.6%	7.6%	28.2%	22.4%	24.8%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	64.0%	30.0%	30.0%	123.2%	86.4%	80.5%

Table 50 MBRR SA34c - Repairs and maintenance expenditure by asset class

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		13 123	9 358	10 742	15 291	15 791	15 791	18 929	19 952	21 072
Infrastructure - Road transport		12 258	7 894	9 983	14 291	14 291	14 291	17 429	18 371	19 406
Roads, Pavements & Bridges		6 623	2 489	2 473	4 800	4 800	4 800	7 125	7 510	7 915
Storm water		5 635	5 405	7 510	9 491	9 491	9 491	10 304	10 861	11 491
Infrastructure - Electricity		865	1 463	759	1 000	1 500	1 500	1 500	1 581	1 666
Generation		865	1 463	759	1 000	1 500	1 500	1 500	1 581	1 666
Transmission & Reticulation										
Street Lighting										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Dams & Reservoirs										
Water purification										
Reticulation										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Reticulation										
Sewerage purification										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Waste Management										
Transportation										
Gas										
Other										
Community		826	1 617	4 492	3 780	3 780	3 780	3 980	4 195	4 422
Parks & gardens		721	1 409	2 081	3 500	3 500	3 500	3 700	3 900	4 110
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency		105	207	2 410	280	280	280	280	295	311
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other										
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		1 867	3 139	2 728	5 866	5 866	5 866	6 174	6 508	6 859
General vehicles										
Specialised vehicles										
Plant & equipment		881	1 551	967	1 580	1 580	1 580	1 586	1 672	1 762
Computers - hardware/equipment										
Furniture and other office equipment		330	415	150	1 711	1 711	1 711	1 697	1 788	1 885
Abattoirs										
Markets										
Civic Land and Buildings		415	440	915	1 140	1 140	1 140	1 600	1 686	1 777
Other Buildings										
Other Land										
Surplus Assets - (Investment or Inventory)										
Other		241	733	695	1 435	1 435	1 435	1 292	1 361	1 435
Agricultural assets		-	-	-	-	-	-	-	-	-
List sub-class										
Biological assets		-	-	-	-	-	-	-	-	-
List sub-class										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (list sub-class)										
Total Repairs and Maintenance Expenditure	1	15 815	14 114	17 961	24 937	25 437	25 437	29 084	30 655	32 353
Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										
R&M as a % of PPE		7.2%	6.1%	7.7%	8.4%	8.6%	8.6%	9.5%	8.9%	7.9%
R&M as % Operating Expenditure		14.3%	11.6%	11.1%	16.4%	14.6%	14.6%	14.3%	14.9%	14.8%

Table 51 MBRR SA35 - Future financial implications of the capital budget

KZN291 Mandeni - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2015/16 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Present value
Capital expenditure	1							
Vote 1 - Executive and Council		83	-	-				
Vote 2 - Budget and Terasury		137	-	-				
Vote 3 - Corporate Services		1 080	-	-				
Vote 4 - Community and Social Services		4 929	2 706	2 112				
Vote 5 - Sport and Recreation		1 544	3 200	5 000				
Vote 6 - Public Safety		529	-	10 000				
Vote 7 - Housing		-	-	-				
Vote 8 - Health		-	-	-				
Vote 9 - Planning and Development		26 423	26 972	5 370				
Vote 10 - Environmental Protection		-	-	-				
Vote 11 - Road transport		45 263	46 489	47 993				
Vote 12 - Waste Management		1 500	-	-				
Vote 13 - Electricity		11 500	10 000	10 000				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		92 988	89 367	80 475	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Executive and Council								
Vote 2 - Budget and Terasury								
Vote 3 - Corporate Services								
Vote 4 - Community and Social Services								
Vote 5 - Sport and Recreation								
Vote 6 - Public Safety								
Vote 7 - Housing								
Vote 8 - Health								
Vote 9 - Planning and Development								
Vote 10 - Environmental Protection								
Vote 11 - Road transport								
Vote 12 - Waste Management								
Vote 13 - Electricity								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		92 988	89 367	80 475	-	-	-	-

Table 52 MBRR SA36 - Detailed capital budget per municipal vote

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2015/16 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2013/14	Current Year 2014/15 Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
R thousand	4			2	6	3	3	5								
Parent municipality: List all capital projects grouped by Municipal Vote																
Vote 1 - Executive and Council Municipal Manager		2x laptop	5	No		Other Assets	Computers - hardware/equipment				20					
		2 laptops	6	No		Other Assets	Computers - hardware/equipment				16					
		1 laptop (CAE)	7	No		Other Assets	Computers - hardware/equipment				8					
		printer	8	No		Other Assets	Computers - hardware/equipment				5					
		1 Printer(specialised printer)	9	No		Other Assets	Computers - hardware/equipment				8					
		PA system	10	No		Other Assets	Furniture and other office equipment				20					
		Loud hailers	11	No		Other Assets	Furniture and other office equipment				10					
		Camera	12	No		Other Assets	Furniture and other office equipment				10					
		Office Desk	13	No		Other Assets	Furniture and other office equipment				2					
		Office Desks	3	No		Other Assets	Furniture and other office equipment				30					
Vote 2 - Budget and Terasury		Office Equipment		No		Other Assets	Furniture and other office equipment				-	83				New
		4 x Laptop	14	No		Other Assets	Computers - hardware/equipment				60					
		5 x Computers	15	No		Other Assets	Computers - hardware/equipment				40					
		2 x L-shape Desks	16	No		Other Assets	Furniture and other office equipment				20	30				New
		Filling Cabinet		No		Other Assets	Furniture and other office equipment					7				New
		2x Combo Desks		No		Other Assets	Furniture and other office equipment					100				New
Vote 3 - Corporate Services		Server upgrade	17	No		Other Assets	Computers - hardware/equipment				100					
		Biometric access control	18	No		Other Assets	Computers - hardware/equipment				300					
		Furniture	19	No		Other Assets	Furniture and other office equipment				100	500				New
		Generator		No		Other Assets	Furniture and other office equipment					350				New
		20 Computers		No		Other Assets	Computers - hardware/equipment					180				New
		5X Laptop		No		Other Assets	Computers - hardware/equipment					50				New
Vote 4 - Community and Social Services		Swimming pool	31	No		Community	Swimming pools				300					
		Pool vacuum	32	No		Other Assets	Plant & equipment				100					
		Establish cricket ground	33	No		Community	Sportsfields & stadia									
		Upgrade tennis court	34	No		Community	Sportsfields & stadia				100					
		Combo Goal Posts Sport field	35	No		Community	Sportsfields & stadia				100					
		Laptops	36	No		Other Assets	Computers - hardware/equipment				35					
		Printers	37	No		Other Assets	Computers - hardware/equipment				15					
		Acoustics instillation - Sibusisiwe hall	38	No		Community	Community halls									
		Mobile Libraries	39	No		Other Assets	Furniture and other office equipment				100	740	100	105		New
		Library Furniture	40	No		Other Assets	Furniture and other office equipment					21				
		Library Cupboards	41	No		Other Assets	Furniture and other office equipment				250					New
		Fire & Safety emergencies		No		Other Assets	Plant & equipment					476				New
		Community Hall		No		Land & Buildings	Community halls					1 692				New
		Cemetery		No		Land & Buildings	Land & Buildings					2 000				New

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2015/16 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2013/14	Current Year 2014/15 Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
R thousand	4			2	6	3	3	5								
Vote 5 - Sport and Recreation		Swimming pool development			No	Community	Swimming Pool					1 174	3 000	5 000		New
		Sport field and stadium			No	Community	Sportsfields & stadia					370	200			Renewal
Vote 6 - Public Safety		Traffic Patrol Vehicles			No	Other Assets	General Vehicle					529				New
Vote 7 - Housing																
Vote 8 - Health																
Vote 9 - Planning and Development		Furniture	77		No	Other Assets	Furniture and other office equipment				50					
		Computers	78		No	Other Assets	Computers - hardware/equipment				40					
		Computers for new recruits				Other Assets	Computers - hardware/equipment				30					
		Office Furniture for new recruits	82		No	Other Assets	Furniture and other office equipment				30					
		Fridge	87		No	Other Assets	Furniture and other office equipment				2					
		Reception furniture	88		No	Other Assets	Furniture and other office equipment				10					
		Refurbishment of existing and provision	89		No	Community	Buildings				4 000	16 000				Renewal
		Ablutions and changerooms incl. locker	90		No	Community	Buildings				300					
		Informal trader stalls	91		No	Community	Other Buildings				2 510					
		Light Delivery Vehicles (LDV's)	92		No	Other Assets	General vehicles				900					
		trailers	93		No	Other Assets	Plant & equipment				150					
		workshop equipment	94		No	Other Assets	Plant & equipment				100					
		Airconditioners			No	Other Assets	Plant & equipment					200				
		Ingwenya nature reserve			No	Other Assets	Plant & equipment					400				Renewal
Vote 10 - Environmental Protection		Brushcutters	96		No	Other Assets	Plant & equipment				100					
		ride mower	97		No	Other Assets	Plant & equipment									
		4 tonne crew cab and load bin trucks	98		No	Other Assets	Plant & equipment									
		ride mower	99		No	Other Assets	Plant & equipment				220					
		Push mowers	100		No	Other Assets	Plant & equipment				50					
		Plant nursery	101		No	Other Assets	Plant & equipment				100					
		Plants and trees	102		No	Other Assets	Plant & equipment									
		Storage container	103		No	Other Assets	Plant & equipment				50					
		Small tools	104		No	Other Assets	Plant & equipment				40					

KZN291 Mandeni - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2015/16 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2013/14	Current Year 2014/15 Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	Ward location	New or renewal
R thousand	4			2	6	3	3	5								
Vote 11 - Road transport		Counter funding on MIG Projects	109	No		Infrastructure - Road transport	Roads, Pavements & Bridges				3 000	3 000				
		Rehabilitation of rural roads	110	No		Infrastructure - Road transport	Roads, Pavements & Bridges				2 500	8 000				New
		4 ton crew cab trucks with load bins	111	No		Other Assets	Plant & equipment									
		Pad foot compactors	112	No		Other Assets	Plant & equipment				60					
		Mobile toilets- trailer mounted	113	No		Other Assets	Plant & equipment				150					
		Tar sprayer	114	No		Other Assets	Plant & equipment				50					
		Small Tools	115	No		Other Assets	Plant & equipment				50					
		Roll overs on Grants	116	No		Infrastructure - Road transport	Roads, Pavements & Bridges				15 000					
		CBD Upgrade and Improvement	117	No		Infrastructure - Road transport	Roads, Pavements & Bridges				5 000	9 623				
		Masomonce minibus taxi route	118	No		Infrastructure - Road transport	Roads, Pavements & Bridges				-					
		Sundumbili roads Phase 6	119	No		Infrastructure - Road transport	Roads, Pavements & Bridges				1 662					
		Inyoni taxi route Phase 1	120	No		Infrastructure - Road transport	Roads, Pavements & Bridges				233					
		Inyoni taxi route Phase 2	121	No		Infrastructure - Road transport	Roads, Pavements & Bridges				2 541					
		Sundumbili Roads Upgrade Phase 7	122	No		Infrastructure - Road transport	Roads, Pavements & Bridges				15 179					
		Sport facilities (p-component)	123	No		Infrastructure - Road transport	Roads, Pavements & Bridges				3 022	11 152	1 140			
		Inyoni Taxi route phase 3	124	No		Infrastructure - Road transport	Roads, Pavements & Bridges				1 617					
		Upgrading/ Conclusion of Newark Drive	125	No		Infrastructure - Road transport	Roads, Pavements & Bridges				1 625	2 151	-			
		Amanda Farm Housing Taxi routes	126	No		Infrastructure - Road transport	Roads, Pavements & Bridges									
		Rural Roads Upgrade	127	No		Infrastructure - Road transport	Roads, Pavements & Bridges									
		Hardened Sidewalks	128	No		Infrastructure - Road transport	Roads, Pavements & Bridges				2 000	2 200	2 023			
		PMU (5% Top slice)	129	No		Infrastructure - Road transport	Roads, Pavements & Bridges				1 467	-				
		Extension of Homendlini Bus Route (Esiphekepheni)		No		Infrastructure - Road transport	Roads, Pavements & Bridges						13 523	712		
		Nyoni Housing Bulk Roads and Storm-water infrastructure		No		Infrastructure - Road transport	Roads, Pavements & Bridges					9 553				
		Rehabilitation of Mandeni Rural Gravel Roads Programme		No		Infrastructure - Road transport	Roads, Pavements & Bridges				7 511					
Vote 12 - Waste Management		Skips (Communal Bins)	130	No		Other Assets	Plant & equipment				500					
		Wood chipper	131	No		Other Assets	Plant & equipment									
		Wheeler bins & street bins	132	No		Other Assets	Plant & equipment				200					
		TLB		No		Other Assets	General Vehicle					700				New
		Waste Separation Facility		No		Other Assets	Plant & equipment					800				New
Vote 13 - Electricity		Returbish 11kv overhead power lines	133	No		Infrastructure - Electricity	Transmission & Reticulation				1 000	1 000				New
		Pre-paid electricity Metering	134	No		Infrastructure - Electricity	Transmission & Reticulation				750					
		Increase the NMD on Mandini Licensed	135	No		Infrastructure - Electricity	Transmission & Reticulation				-					
		Fencing of sub-stations	136	No		Infrastructure - Electricity	Transmission & Reticulation									
		Streetlighting (new)	137	No		Infrastructure - Electricity	Street Lighting				250	500				New
		Fault finding machine	138	No		Other Assets	Plant & equipment				-					
		INEP Electrification Massification			No	Infrastructure - Electricity	electrification					10 000				
												8 000				
Parent Capital expenditure	1											99 092	19 986	5 817		

2.15 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.

Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

Audit Committee

An Audit Committee has been established and is fully functional.

Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in June 2014 directly aligned and informed by the 2015/16 MTREF.

Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

MFMA Training

The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.

Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.16 Other supporting documents**Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance****Table 53 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)**

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>	6										
Total Property Rates		20 866	33 472	27 411	28 372	28 372	28 372	28 372	27 496	28 981	30 546
less Revenue Foregone					686	686	686	686	726	765	807
Net Property Rates		20 866	33 472	27 411	27 685	27 685	27 685	27 685	26 770	28 215	29 739
<u>Service charges - electricity revenue</u>	6										
Total Service charges - electricity revenue		10 720	11 213	11 715	13 056	13 056	13 056	13 056	14 713	15 507	16 344
less Revenue Foregone											
Net Service charges - electricity revenue		10 720	11 213	11 715	13 056	13 056	13 056	13 056	14 713	15 507	16 344
<u>Service charges - water revenue</u>	6										
Total Service charges - water revenue											
less Revenue Foregone											
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
<u>Service charges - sanitation revenue</u>											
Total Service charges - sanitation revenue											
less Revenue Foregone											
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue		5 264	5 588	5 948	6 550	6 550	6 550	6 550	6 943	7 318	7 713
Total landfill revenue											
less Revenue Foregone											
Net Service charges - refuse revenue		5 264	5 588	5 948	6 550	6 550	6 550	6 550	6 943	7 318	7 713
<u>Other Revenue by source</u>											
Tender fees		42	72	204	20	20	20	20	100	105	111
Town Planning Fees		-	1	0	100	100	100	100	100	105	111
Building Plan Fees		29	24	109	50	50	50	50	50	53	56
Photocopy Charges		26	16	12	20	20	20	20	20	21	22
Sundry Income		319	13	75	-	14 373	14 373	14 373	-	-	-
VAT Refund		5 067	3 539	4 176	-	-	-	-	-	-	-
Fire Services		-	-	-	30	30	30	30	30	32	34
Entrance Fees - Swimming Pool		9	5	26	12	12	12	12	12	13	13
Connection Fees		4	23	18	57	57	57	57	20	60	63
Reconnection Fees		10	46	121	17	17	17	17	10	11	11
Other		13 535	150	23	63	63	63	63	63	66	70
Total 'Other' Revenue	1	19 040	3 889	4 765	370	14 743	14 743	14 743	405	466	491

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

KZN27/Mandeni - Supporting table 5.1: Supporting detail to Budgeted Financial Performance											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	20 203	23 576	33 530	45 454	45 454	45 454	45 454	48 596	51 220	54 191
Pension and UIF Contributions		3 197	3 659	5 012	3 345	3 345	3 345	3 345	3 514	3 704	3 919
Medical Aid Contributions		1 649	1 772	2 076	1 751	1 751	1 751	1 751	1 789	1 885	1 995
Overtime		751	856	706	153	153	153	153	229	241	255
Performance Bonus		-	-	-	352	352	352	352	699	737	780
Motor Vehicle Allowance		2 883	1 084	2 552	4 165	4 165	4 165	4 165	5 002	5 272	5 578
Cellphone Allowance		190	139	271	268	268	268	268	316	333	352
Housing Allowances		137	703	23	342	342	342	342	469	494	523
Other benefits and allowances		-	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-	-
Long service awards		4 757	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	4	(622)	-	-	-	-	-	-	-	-	-
sub-total	5	33 145	31 790	44 170	55 829	55 829	55 829	55 829	60 614	63 887	67 592
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	33 145	31 790	44 170	55 829	55 829	55 829	55 829	60 614	63 887	67 592
Contributions recognised - capital											
<i>List contributions by contract</i>											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		15 360	18 773	18 632	5 973	18 973	18 973	18 973	19 000	20 603	21 710
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	15 360	18 773	18 632	5 973	18 973	18 973	18 973	19 000	20 603	21 710
Bulk purchases											
Electricity Bulk Purchases		7 269	7 437	8 128	10 991	10 991	10 991	10 991	12 556	13 234	13 949
Water Bulk Purchases											
Total bulk purchases	1	7 269	7 437	8 128	10 991	10 991	10 991	10 991	12 556	13 234	13 949
Transfers and grants											
Cash transfers and grants		-	383	-	1 550	1 550	1 550	1 550	1 600	1 686	1 777
Non-cash transfers and grants		-	-	-	-	-	-	-	18 000	15 000	18 000
Total transfers and grants	1	-	383	-	1 550	1 550	1 550	1 550	19 600	16 686	19 777
Contracted services											
Security - Alarms/Cash in Transit		95	160	141	250	250	250	250	250	264	278
Security Services Contractor		2 166	2 436	3 111	3 200	3 200	3 200	3 200	3 900	4 111	4 333
Disaster Management- Outsourced		-	7 444	7 719	4 510	4 510	4 510	4 510	4 550	3 579	3 579
Contractors - Refuse		7 171	-	-	5 940	9 940	9 940	9 940	7 510	7 916	8 343
sub-total	1	9 432	10 039	10 971	13 900	17 900	17 900	17 900	16 210	15 869	16 532
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		9 432	10 039	10 971	13 900	17 900	17 900	17 900	16 210	15 869	16 532

KZN291 Mandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description		Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand												
Other Expenditure By Type												
	Collection costs	3	142	66	33	-	-	-	-	-	-	
	Contributions to 'other' provisions		926	1 104	3 095	-	-	-	-	-	-	
	Consultant fees		418	3 230	4 043	3 019	3 619	3 619	3 619	3 019	4 183	
	Audit fees		1 921	2 235	-	2 600	2 600	2 600	2 600	2 300	2 555	
	General expenses		6 051	5 803	9 099	6 444	7 674	7 674	7 674	7 547	8 088	
	Grant and subsidies expenditure		6 734	3 666	3 866	-	-	-	-	-	-	
	Lease Vehicles		778	1 440	1 472	1 220	1 220	1 220	1 220	1 020	1 075	
	Ward Committees		290	1 626	1 604	1 570	1 570	1 570	1 570	2 334	2 460	
	Public Participation		423	881	1 586	1 200	1 750	1 750	1 750	2 420	2 551	
	Training and Development		731	1 697	1 170	2 200	2 000	2 000	2 000	1 500	1 293	
	Telephone		1 158	1 122	1 331	1 156	1 156	1 156	1 156	1 500	1 581	
	Fuel & Oil		1 407	1 917	2 880	2 300	2 300	2 300	2 300	2 000	2 108	
	Subsistence & Travelling		748	1 550	2 806	1 109	2 409	2 409	2 409	1 893	1 995	
	Advertising - Statutory		179	515	234	560	560	560	560	470	432	
	Special programmes		516	397	3 437	1 340	1 540	1 540	1 540	1 240	1 307	
	Traffic and Law Enforcement Programme		1	-	-	-	-	-	-	-	-	
	Sports and Recreation		361	353	641	650	650	650	650	650	685	
	Plans and Frameworks		-	90	525	3 758	4 488	4 488	4 488	6 330	3 495	
	Siyaya Development Coastal Plan		0	-	-	50	50	50	50	-	-	
	Shared Service District Town Planning		503	737	811	971	971	971	971	800	-	
	LED Programmes		101	840	2 504	3 250	3 250	3 250	3 250	3 800	4 005	
	Youth programmes		76	60	226	400	400	400	400	500	527	
	Aids Awareness Campaign		305	117	207	400	400	400	400	400	422	
	Insurances - General		19	338	282	450	450	450	450	450	474	
	Licences- Software		98	4	-	600	600	600	600	800	843	
	Printing & Stationery		399	634	612	525	525	525	525	483	509	
	Contributions to CRR		-	(661)	360	-	-	-	-	-	-	
Total 'Other' Expenditure		1	24 285	29 762	42 824	35 772	40 182	40 182	40 182	41 456	40 458	
Repairs and Maintenance		8										
	Employee related costs		5 635	5 405	7 510	9 491	9 491	9 491	9 491	10 304	10 861	
	Other materials		10 181	8 708	10 451	15 446	15 946	15 946	4 355	18 780	19 794	
	Contracted Services								11 591			
	Other Expenditure											
Total Repairs and Maintenance Expenditure		9	15 815	14 114	17 961	24 937	25 437	25 437	25 437	29 084	30 655	

Table 54 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN291 Mandeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and Council	Vote 2 - Budget and Terasury	Vote 3 - Corporate Services	Vote 4 - Community and Social Services	Vote 5 - Sport and Recreation	Vote 6 - Public Safety	Vote 7 - Housing	Vote 8 - Health	Vote 9 - Planning and Development	Vote 10 - Environment al Protection	Vote 11 - Road transport	Vote 12 - Waste Management	Vote 13 - Electricity	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue By Source																	
Property rates		-	26 770	-	-	-	-	-	-	-	-	-	-	-	-	-	26 770
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	14 713	-	-	14 713
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	6 943	-	-	-	6 943
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	40	-	-	-	-	150	-	-	-	-	-	-	190
Interest earned - external investments		-	3 000	-	-	-	-	-	-	-	-	-	-	-	-	-	3 000
Interest earned - outstanding debtors		-	6 000	-	-	-	-	-	-	-	-	-	-	-	-	-	6 000
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	5	-	500	-	-	-	-	-	-	-	-	-	505
Licences and permits		-	-	-	-	-	300	-	-	-	-	-	-	-	-	-	300
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue		-	100	-	20	12	93	-	-	150	-	-	-	30	-	-	405
Transfers recognised - operational		6 140	109 216	-	2 114	-	-	-	-	-	-	-	5 000	21 500	-	-	143 970
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		6 140	145 086	-	2 179	12	893	-	-	300	-	-	11 943	36 243	-	-	202 796
Expenditure By Type																	
Employee related costs		5 988	10 232	8 147	7 483	435	6 956	-	-	12 338	2 732	3 768	948	1 587	-	-	60 614
Remuneration of councillors		11 292	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11 292
Debt impairment		-	3 218	-	-	-	-	-	-	-	-	-	-	-	-	-	3 218
Depreciation & asset impairment		-	19 000	-	-	-	-	-	-	-	-	-	-	-	-	-	19 000
Finance charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	12 556	-	-	12 556
Other materials		62	200	2 000	31	326	400	-	-	3 058	3 826	7 276	-	1 600	-	-	18 780
Contracted services		2 160	1 500	850	-	-	8 700	-	-	-	-	-	3 000	-	-	-	16 210
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	1 100	18 500	-	-	19 600
Other expenditure		16 115	4 365	5 054	1 589	-	577	-	-	10 651	40	2 320	-	746	-	-	41 456
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		35 617	38 515	16 051	9 103	760	16 633	-	-	26 048	6 598	13 364	5 048	34 990	-	-	202 727
Surplus/(Deficit)		(29 477)	106 571	(16 051)	(6 924)	(748)	(15 740)	-	-	(25 748)	(6 598)	(13 364)	6 895	1 253	-	-	69
Transfers recognised - capital		-	-	-	-	-	-	-	-	9 623	-	34 263	-	-	-	-	43 886
Contributions recognised - capital		-	-	-	-	-	-	-	-	(9 623)	-	(34 263)	-	-	-	-	(43 886)
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(29 477)	106 571	(16 051)	(6 924)	(748)	(15 740)	-	-	(25 748)	(6 598)	(13 364)	6 895	1 253	-	-	69

Table 55 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN291 Mandeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'											
Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits < 90 days		60 242	59 803	60 287	56 524	56 524	56 524	56 524	63 099	45 000	35 000
Other current investments > 90 days											
Total Call investment deposits	2	60 242	59 803	60 287	56 524	56 524	56 524	56 524	63 099	45 000	35 000
<u>Consumer debtors</u>											
Consumer debtors		52 194	78 235	79 620	65 000	65 000	65 000	65 000	98 000	131 000	96 000
<u>Less: Provision for debt impairment</u>		(58 400)	(41 838)	(65 968)	(36 000)	(36 000)	(36 000)	(36 000)	(52 000)	(56 000)	(32 000)
Total Consumer debtors	2	(6 207)	36 397	13 653	29 000	29 000	29 000	29 000	46 000	75 000	64 000
<u>Debt impairment provision</u>											
Balance at the beginning of the year		58 400	41 838	48 942	41 838	41 838	41 838	41 838	36 000	52 000	56 000
Contributions to the provision		(10 437)	7 104	7 104	2 842	2 842	2 842	2 842	20 000	6 000	(22 000)
Bad debts written off		(6 125)			(8 680)	(8 680)	(8 680)	(8 680)	(4 000)	(2 000)	(2 000)
Balance at end of year		41 838	48 942	56 046	36 000	36 000	36 000	36 000	52 000	56 000	32 000
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		257 929	287 067	287 067	339 265	339 265	339 265	339 265	406 461	422 655	501 287
Leases recognised as PPE	3										
<u>Less: Accumulated depreciation</u>		37 600	55 304	55 304	44 000	44 000	44 000	44 000	109 109	88 241	100 000
Total Property, plant and equipment	2	220 329	231 763	231 763	295 265	295 265	295 265	295 265	297 352	334 414	401 287
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities											
Total Current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
<u>Trade and other payables</u>											
Trade and other creditors		3 459	8 125	7 673	7 500	7 500	7 500	7 500	7 500	8 000	9 000
Unspent conditional transfers		10 437	11 133	15 297	3 000	3 000	3 000	3 000		-	-
VAT											
Total Trade and other payables	2	13 896	19 258	22 970	10 500	10 500	10 500	10 500	7 500	8 000	9 000
<u>Non current liabilities - Borrowing</u>											
Borrowing	4										
Finance leases (including PPP asset element)											
Total Non current liabilities - Borrowing		-	-	-	-	-	-	-	-	-	-
<u>Provisions - non-current</u>											
Retirement benefits		10 220	9 731	10 986	10 000	10 000	10 000	10 000	13 000	13 000	13 000
List other major provision items											
Refuse landfill site rehabilitation											
Other											
Total Provisions - non-current		10 220	9 731	10 986	10 000	10 000	10 000	10 000	13 000	13 000	13 000
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		245 243	326 341	359 744	383 799	324 869	324 869	324 869	365 772	409 727	456 678
GRAP adjustments											
Restated balance		245 243	326 341	359 744	383 799	324 869	324 869	324 869	365 772	409 727	456 678
Surplus/(Deficit)		63 881	33 466	12 565	62 334	53 808	53 808	53 808	43 955	46 951	43 873
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments		(1 023)	193	9 767	(23 211)	(14 685)	(14 685)	(14 685)			
Accumulated Surplus/(Deficit)	1	308 101	360 001	382 075	422 922	363 992	363 992	363 992	409 727	456 678	500 551
<u>Reserves</u>											
Housing Development Fund		1 627	1 673	1 723	1 780	1 780	1 780	1 780	1 800	1 800	1 800
Capital replacement											
Self-insurance											
Other reserves											
Revaluation											
Total Reserves	2	1 627	1 673	1 723	1 780	1 780	1 780	1 780	1 800	1 800	1 800
TOTAL COMMUNITY WEALTH/EQUITY	2	309 728	361 674	383 799	424 702	365 772	365 772	365 772	411 527	458 478	502 351

Table 56 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

KZN291 Mandeni - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2011/12	2012/13	2013/14	Current Year 2014/15	2015/16 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population					138	138	138	138	138	134		
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment					57	57	57	57	57	57		
Monthly household income (no. of households)	1, 12											
No income					55 739	55 739	55 739	55 739	55 739	55 740		
R1 - R1 600					2 071	2 071	2 071	2 071	2 071	33 612		
R1 601 - R3 200					3 971	3 971	3 971	3 971	3 971	3 971		
R3 201 - R6 400					9 818	9 818	9 818	9 818	9 818	9 818		
R6 401 - R12 800					8 735	8 735	8 735	8 735	8 735	8 735		
R12 801 - R25 600					4 414	4 414	4 414	4 414	4 414	4 414		
R25 601 - R51 200					2 135	2 135	2 135	2 135	2 135	516		
R52 201 - R102 400					1 220	1 220	1 220	1 220	1 220	-		
R102 401 - R204 800					616	616	616	616	616	616		
R204 801 - R409 600					88	88	88	88	88	88		
R409 601 - R819 200					34	34	34	34	34	34		
> R819 200					28	28	28	28	28	28		
Poverty profiles (no. of households)	13											
< R2 060 per household per month	2				17 270	17270.00	17270.00	17270.00	17270.00	17270.00		
Insert description												
Household/demographics (000)												
Number of people in municipal area					138 079	138	138	138	138	138		
Number of poor people in municipal area					66 264	66	66	66	66	66		
Number of households in municipal area					38 235	38	38	38	38	38		
Number of poor households in municipal area					24 595	25	25	25	25	25		
Definition of poor household (R per month)												
Housing statistics	3											
Formal					33 519	33 519	33 519	33 519	33 519	33 519		
Informal					4 716	4 716	4 716	4 716	4 716	4 716		
Total number of households												
Dwellings provided by municipality	4				38 235	38 235	38 235	38 235	38 235	38 235	-	-
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings												

Services provided by 'external mechanisms'	Ref.		2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Names of service providers		Household service targets (000)									
		<u>Water:</u>									
		Piped water inside dwelling	9 851	9 851	9 851	9 851	9 851	9 851	9 851		
		Piped water inside yard (but not in dwelling)	10 902	10 902	10 902	10 902	10 902	10 902	10 902		
	8	Using public tap (at least min.service level)									
	10	Other water supply (at least min.service level)	17 482	17 482	17 482	17 482	17 482	17 482	17 482		
		<i>Minimum Service Level and Above sub-total</i>	38 235	38 235	38 235	38 235	38 235	38 235	38 235	-	-
	9	Using public tap (< min.service level)									
	10	Other water supply (< min.service level)									
		No water supply									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Names of service providers		Total number of households	38 235	38 235	38 235	38 235	38 235	38 235	38 235	-	-
		<u>Sanitation/sewerage:</u>									
		Flush toilet (connected to sewerage)	11 313	11 313	11 313	11 313	11 313	11 313	11 313		
		Flush toilet (with septic tank)									
		Chemical toilet	8 587	8 587	8 587	8 587	8 587	8 587	8 587		
		Pit toilet (ventilated)	15 173	15 173	15 173	15 173	15 173	15 173	15 173		
		Other toilet provisions (> min.service level)	2 690	2 690	2 690	2 690	2 690	2 690	2 690		
		<i>Minimum Service Level and Above sub-total</i>	37 763	37 763	37 763	37 763	37 763	37 763	37 763	-	-
		Bucket toilet	472	472	472	472	472	472	472		
		Other toilet provisions (< min.service level)									
		No toilet provisions									
		<i>Below Minimum Service Level sub-total</i>	472	472	472	472	472	472	472	-	-
Names of service providers		Total number of households	38 235	38 235	38 235	38 235	38 235	38 235	38 235	-	-
		<u>Energy:</u>									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)									
		<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Names of service providers		Total number of households	-	-	-	-	-	-	-	-	-
		<u>Refuse:</u>									
		Removed at least once a week	10 508	10 508	10 508	10 508	10 508	10 508	10 508		
		<i>Minimum Service Level and Above sub-total</i>	10 508	10 508	10 508	10 508	10 508	10 508	10 508	-	-
		Removed less frequently than once a week	655	655	655	655	655	655	655		
		Using communal refuse dump	1 332	1 332	1 332	1 332	1 332	1 332	1 332		
		Using own refuse dump	23 114	23 114	23 114	23 114	23 114	23 114	23 114		
		Other rubbish disposal	1 915	1 915	1 915	1 915	1 915	1 915	1 915		
		No rubbish disposal	711	711	711	711	711	711	711		
		<i>Below Minimum Service Level sub-total</i>	27 727	27 727	27 727	27 727	27 727	27 727	27 727	-	-
Names of service providers		Total number of households	38 235	38 235	38 235	38 235	38 235	38 235	38 235	-	-

Table 57 MBRR SA32 – List of external mechanisms

KZN291 Mandeni - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
KPMG	Yrs	3	Internal Audit	30 December 2017	800
Mandeni Waste Services	Yrs	3	Refuse removal	30 June 2016	3 000
Enforce Security	Yrs	3	Security	30 June 2016	3 900
Indwe Insurers	Yrs	3	Insurance	30 June 2016	450
Eqstra Fleet	Yrs	3	Fleet	31 March 2015	1 020
Sonke Consulting	Yrs	3	IT Support	30 September 2017	850
Rural Metro	Yrs	3	Fire Brigade	30 September 2017	4 550
Brand Patners	Yrs	3	Communication	30 September 2017	2 160
Conlog	Yrs	1	Smart Metering System	30 June 2016	1 500
HCB Prperty Valuers	Yrs	1	Property Valuation	30 June 2017	300
Travel with flair	Yrs	1	Travel Agent	30 June 2016	1 000
Imfezi Security	Yrs	1	Cash in transit	30 June 2016	
Ngubane & Co	Yrs	3	Internal Audit- PMS	30 December 2017	
Anvisda	Yrs	3	PMU	28 February 2018	1 500
Libra	Yrs	1	Security Services Properties	30 June 2016	250

2.17 Municipal manager's quality certificate

I LH Mapholoba, municipal manager of Mandeni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Mr LH Mapholoba
Municipal manager of Mandeni Municipality (KZN 291)

Signature _____
Date 27 March 2015